



**Airlie**  
Funds Management

# Airlie Australian Share Fund

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## Interim Report

For the half year ended 31 December 2020

ABN 67 764 357 242

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# Chairman's Report

for the half year ended 31 December 2020

Dear Unitholders,

We are pleased to present the Interim Report for the Airlie Australian Share Fund (Managed Fund) (the "Fund"). The Fund is a managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

The Fund is quoted on the Australian Securities Exchange ("ASX") (ticker code: AASF). Investors can access the Fund via multiple channels being (a) application and redemption processes directly with the Responsible Entity and (b) buying and selling units on the ASX. As at 31 December 2020, the Fund had net assets of \$44 million and a net asset value ("NAV") per unit of \$2.9141 per unit after providing for a distribution of 5.21 cents per unit for the six months ended 31 December 2020.

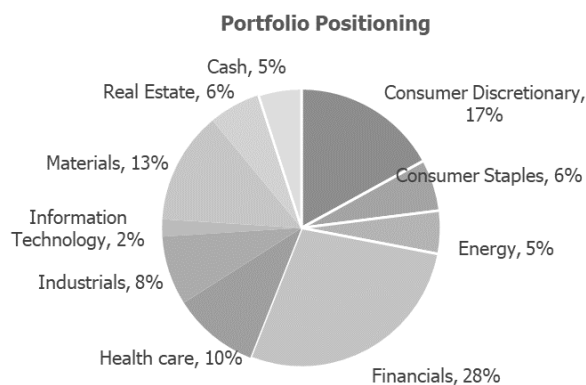
On 24 September 2020 MAM announced a distribution policy update, to target a cash distribution yield of 4% per annum, paid semi-annually each June and December.

The Fund's Portfolio is actively managed by the investment team of Airlie Funds Management ("Airlie"). The Fund's primary objective is to provide long-term capital growth and regular income through investment in Australian equities. To achieve this, the Fund invests in a portfolio of between 15 and 35 companies that Airlie has identified based on their financial strength, attractive durable business characteristics and the quality of their management teams. Airlie invests in these companies when its view of their fair value exceeds the prevailing market price. For the 6 months to 31 December 2020, the Fund returned 14.9% net of fees. This compares with the return of the index (S&P/ASX 200 Accumulation Index) of 13.2% over the same period.

We would encourage you to read our 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.airlifundsmangement.com.au](http://www.airlifundsmangement.com.au).

As at 31 December 2020, the Portfolio consisted of investments in 33 companies and had a cash position of 5%. The Fund's Portfolio positioning based on GICS Sector classification is highlighted below.

| Top 10 holdings (as at 31 December 2020) | Sector                 |
|--|------------------------|
| Commonwealth Bank of Australia           | Financials             |
| BHP Group                                | Materials              |
| CSL                                      | Health Care            |
| Wesfarmers                               | Consumer Discretionary |
| Credit Corp Group                        | Financials             |
| Westpac Banking Corporation              | Financials             |
| Aurizon Holdings                         | Industrials            |
| Mineral Resources                        | Materials              |
| Macquarie Group                          | Financials             |
| Coles Group                              | Consumer Staples       |



**Robert Fraser**  
Chairman

26 February 2021

# Responsible Entity's Report

for the half year ended 31 December 2020

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Airlie Australian Share Fund (the "Fund") present their half year report on the Fund for the period ended 31 December 2020.

## 1. Directors

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

|                 |                         | Appointed        |
|-----------------|-------------------------|------------------|
| Robert Fraser   | Chairman                | 23 April 2014    |
| Brett Cairns    | Chief Executive Officer | 22 January 2007  |
| John Eales      | Non-executive Director  | 1 July 2017      |
| Colette Garnsey | Non-executive Director  | 30 November 2020 |
| Paul Lewis      | Non-executive Director  | 20 December 2006 |
| Hamish McLennan | Non-executive Director  | 1 March 2016     |
| Kirsten Morton  | Chief Financial Officer | 5 October 2018   |
| Karen Phin      | Non-executive Director  | 23 April 2014    |

## 2. Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia, with the principal place of business at Level 36, 19 Martin Place, Sydney, New South Wales, 2000 and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code: AASF).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. MAM is also Investment Manager, 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 invests in a portfolio of between 15 and 35 Australian equities to produce wealth accumulation through active management. The Fund's primary investment objective is to provide long-term capital growth and regular income through investment in Australian equities (as detailed in the Product Disclosure Statement ("PDS"), dated 30 November 2020).

## 3. Significant Changes in State of Affairs

On 24 September 2020 MAM announced a distribution policy update, to target a cash distribution yield of 4% per annum, paid semi-annually each June and December (refer Note 2 to the Financial Statements).

There were no other significant changes in the state of affairs of the Fund during the period.

# Responsible Entity's Report

for the half year ended 31 December 2020

## 4. Review of Financial Results and Operations

### 4.1. Financial Results for the Half Year

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

|   | 31 Dec 2020      | 31 Dec 2019 |
|---|------------------|-------------|
| <b>Results</b>                                    |                  |             |
| Total net investment income (\$)                  | <b>4,983,825</b> | 1,513,434   |
| Total expenses (\$)                               | <b>159,733</b>   | 86,083      |
| <b>Profit/(Loss) (\$)</b>                         | <b>4,824,092</b> | 1,427,351   |
| <b>Distributions</b>                              |                  |             |
| Distribution paid and payable (\$)                | <b>790,839</b>   | 164,576     |
| Distribution paid and payable (cents per unit)    | <b>5.21</b>      | 2.00        |
| <b>Unit Price (NAV Per Unit) (\$)<sup>1</sup></b> | <b>2.9141</b>    | 2.8246      |
| <b>ASX Reported NAV Per Unit (\$)<sup>2</sup></b> | <b>2.9662</b>    | 2.8206      |

<sup>1</sup> The Net Asset Value ("NAV") per unit represents the net assets of the Fund presented in the Statement of Financial Position at 31 December divided by the number of units on issue at 31 December (as shown in Note 4 to the Financial Statements).

<sup>2</sup> The NAV per unit reported to the ASX on 8 January 2021 will differ to the NAV per unit at balance date due to distributions payable and fee accruals.

The final distribution for the year ended 30 June 2020 of 8.00 cents per unit amounting to \$830,840 was paid during the period.

### 4.2. Total Indirect Cost Ratio

The ICR, for the six and 12 months ended 31 December, 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 prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

|                                  | 6 Months to<br>31 Dec 2020<br>% | 12 Months to<br>31 Dec 2020<br>% | 6 Months to<br>31 Dec 2019<br>% | 12 Months to<br>31 Dec 2019<br>% |
|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| Management fee                   | <b>0.39</b>                     | <b>0.78</b>                      | 0.39                            | 0.78                             |
| <b>Total Indirect Cost Ratio</b> | <b>0.39</b>                     | <b>0.78</b>                      | 0.39                            | 0.78                             |

### 4.3. Performance Returns

The performance returns have been calculated using the NAV per unit for the Fund, which is after fees and expenses, assuming the reinvestment of distributions at NAV per unit. The returns are calculated daily, compounded to produce longer period returns.

|                                  | 6 Months to<br>31 Dec 2020<br>% | 12 Months to<br>31 Dec 2020<br>% | 6 Months to<br>31 Dec 2019<br>% | 12 Months to<br>31 Dec 2019<br>% |
|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| Growth return <sup>1</sup>       | <b>12.9</b>                     | <b>3.2</b>                       | 7.1                             | 21.7                             |
| Distribution return <sup>2</sup> | <b>2.0</b>                      | <b>5.1</b>                       | 0.8                             | 2.7                              |
| <b>Total Return<sup>3</sup></b>  | <b>14.9</b>                     | <b>8.3</b>                       | 7.9                             | 24.4                             |

<sup>1</sup> The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

<sup>2</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

<sup>3</sup> The Total return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total returns are then compounded to produce longer period returns.

# Responsible Entity's Report

for the half year ended 31 December 2020

## 5. 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.

The Fund provides daily unit prices, monthly fund updates and annual investor reports which can be found on the Airlie Australian Share Fund website, [www.airlieaustraliansharefund.com.au](http://www.airlieaustraliansharefund.com.au). These Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

## 6. Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 to the Financial Statements.

## 7. Likely Developments and Expected Results of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategies as set out in the PDS.

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.

## 8. Subsequent Events

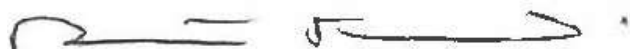
In a release to the ASX on 5 February 2021, the Fund reported a NAV per unit of \$2.9147 and 15,797,138 units on issue as at 29 January 2021.

Other than the items disclosed throughout this Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period 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 financial periods.

## 9. Auditor's Independence Declaration

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.



**Robert Fraser**  
Chairman

Sydney, 26 February 2021

## **Auditor's independence declaration to the directors of Magellan Asset Management Limited as the responsible entity of Airlie Australian Share Fund**

As lead auditor for the review of the interim financial report of Airlie Australian Share Fund for the interim period ended 31 December 2020, 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



Clare Sporle  
Partner  
26 February 2021

# Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2020

|  | Note | 31 Dec 2020<br>\$ | 31 Dec 2019<br>\$ |
|--|------|-------------------|-------------------|
| <b>Investment Income</b>                 |      |                   |                   |
| Dividend and distribution income         |      | 526,442           | 411,184           |
| Interest income                          |      | 852               | 5,290             |
| Net change in fair value of investments  |      | 4,454,568         | 1,096,960         |
| Other income                             |      | 1,963             | -                 |
| <b>Total Net Investment Income</b>       |      | <b>4,983,825</b>  | 1,513,434         |
| <b>Expenses</b>                          |      |                   |                   |
| Management fees                          |      | 133,450           | 77,962            |
| Brokerage costs                          |      | 26,283            | 8,121             |
| <b>Total Expenses</b>                    |      | <b>159,733</b>    | 86,083            |
| <b>Profit/(Loss)</b>                     |      | <b>4,824,092</b>  | 1,427,351         |
| Other comprehensive income               |      | -                 | -                 |
| <b>Total Comprehensive Income/(Loss)</b> |      | <b>4,824,092</b>  | 1,427,351         |
| Basic Earnings Per Unit (Cents)          | 5    | 38.85             | 19.79             |
| Diluted Earnings Per Unit (Cents)        | 5    | 38.85             | 19.79             |

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.



# Statement of Financial Position

as at 31 December 2020

|                                  | Note | 31 Dec 2020<br>\$ | 30 Jun 2020<br>\$ |
|----------------------------------|------|-------------------|-------------------|
| <b>Assets</b>                    |      |                   |                   |
| Cash and cash equivalents        |      | <b>2,169,438</b>  | 1,184,641         |
| Receivables                      |      | <b>126,401</b>    | 368,693           |
| Investments                      | 3    | <b>42,791,969</b> | 26,160,558        |
| <b>Total Assets</b>              |      | <b>45,087,808</b> | 27,713,892        |
| <b>Liabilities</b>               |      |                   |                   |
| Distributions payable            | 2    | <b>790,839</b>    | 830,840           |
| Payables                         |      | <b>62,376</b>     | 80,359            |
| <b>Total Liabilities</b>         |      | <b>853,215</b>    | 911,199           |
| <b>Total Unitholders' Equity</b> |      | <b>44,234,593</b> | 26,802,693        |

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statement of Changes in Equity

for the half year ended 31 December 2020

|   | Note | 31 Dec 2020<br>\$  | 31 Dec 2019<br>\$ |
|---|------|--------------------|-------------------|
| <b>Total Unitholders' Equity at beginning of the Period</b> |      | <b>26,802,693</b>  | 17,388,147        |
| Transactions with unitholders in their capacity as owners:  |      |                    |                   |
| Ordinary units:   |      |                    |                   |
| Issue of units  |      | <b>15,366,837</b>  | 5,127,383         |
| Issue of units under Dividend Reinvestment Plan             |      | <b>83,025</b>      | 35,005            |
| Units redeemed  |      | <b>(2,051,215)</b> | (570,369)         |
| Distributions paid and payable                              | 2    | <b>(790,839)</b>   | (164,576)         |
| <b>Total transactions with unitholders</b>                  |      | <b>12,607,808</b>  | 4,427,443         |
| Comprehensive income for the period:                        |      |                    |                   |
| Profit/(loss)   |      | <b>4,824,092</b>   | 1,427,351         |
| Other comprehensive income                                  |      | -                  | -                 |
| <b>Total comprehensive income/(loss)</b>                    |      | <b>4,824,092</b>   | 1,427,351         |
| <b>Total Unitholders' Equity at end of the Period</b>       |      | <b>44,234,593</b>  | 23,242,941        |

The above Statement of Changes In Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statement of Cash Flows

for the half year ended 31 December 2020

|   | 31 Dec 2020         | 31 Dec 2019        |
|---|---------------------|--------------------|
|   | \$                  | \$                 |
| <b>Cash Flows from Operating Activities</b>                   |                     |                    |
| Dividends and distributions received (net of withholding tax) | 516,899             | 438,626            |
| Interest received   | 1,097               | 5,105              |
| Other income received   | 1,963               | -                  |
| Management fees paid  | (123,929)           | (74,424)           |
| Brokerage costs paid  | (26,283)            | (7,860)            |
| <b>Net Cash Inflows/(Outflows) from Operating Activities</b>  | <b>369,747</b>      | <b>361,447</b>     |
| <b>Cash Flows From Investing Activities</b>                   |                     |                    |
| Purchase of investments                                       | (18,937,033)        | (8,890,176)        |
| Proceeds from sale of investments                             | 6,897,747           | 4,988,453          |
| <b>Net Cash Inflows/(Outflows) from Investing Activities</b>  | <b>(12,039,286)</b> | <b>(3,901,723)</b> |
| <b>Cash Flows From Financing Activities</b>                   |                     |                    |
| Receipts from issue of units                                  | 15,453,304          | 5,127,410          |
| Payments for redemption of units                              | (2,051,153)         | (595,833)          |
| Distributions paid  | (747,815)           | (225,259)          |
| <b>Net Cash Inflows/(Outflows) from Financing Activities</b>  | <b>12,654,336</b>   | <b>4,306,318</b>   |
| <b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>   | <b>984,797</b>      | <b>766,042</b>     |
| Cash and cash equivalents at the beginning of the period      | 1,184,641           | 1,213,348          |
| <b>Cash and Cash Equivalents at the end of the Period</b>     | <b>2,169,438</b>    | <b>1,979,390</b>   |

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 2020

## Overview

The Fund is a registered managed investment scheme under the *Corporations Act 2001* and was admitted to trading status on the ASX under the AQUA Rules on 4 June 2020. In accordance with the Fund's Constitution, it commenced on the date that the first unit was issued, which was 31 May 2018. The Fund will terminate on the day immediately preceding the 80th anniversary of the Date of Commencement, unless terminated earlier in accordance with the provisions of the Fund's Constitution.

MAM (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 26 February 2021. The Directors have the power to amend and reissue this financial report.

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

## 1. Basis of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, 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.

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 2020 Annual Report and any public announcements made during the period.

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.

### 1.1. 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 the revised Conceptual Framework ("Conceptual Framework") on 1 July 2020. The Conceptual Framework included amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts and resulted in no impact on the Fund. The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

### 1.2. Critical Accounting Estimates and Judgements

In applying the Fund's accounting policies, a number of estimates and assumptions have been made concerning the future. 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. As a result, actual results could differ from those estimates.

The significant judgements made by the Directors in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the 30 June 2020 Annual Report.

The impacts of the COVID-19 pandemic on the Fund were disclosed in Note 1(g) of the Fund's 2020 Annual Report and remain broadly unchanged at the date of this financial report. Despite the pandemic continuing throughout the period of this report, there have been no new adverse impacts on the Fund's financial results or risks arising from COVID-19 and the Fund's operations and service providers are operating efficiently and largely unaffected. Whilst share market and currency volatility remains, the Fund has not recorded any impairments of its investments during the period ended 31 December 2020 nor experienced any recovery issues with the Fund's receivables, which comprised mainly dividends and distributions.

As all investments are valued with reference to listed quoted prices and the Fund's cash continues to be 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.

# Notes to the Financial Statements

for the half year ended 31 December 2020

## 2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

|                                      | \$             | CPU                     | Date Paid          |
|--------------------------------------|----------------|-------------------------|--------------------|
| <b>Period ended 31 December 2020</b> |                |                         |                    |
| Prior year final distribution paid   | <b>830,840</b> | <b>8.00</b>             | <b>14 Jul 2020</b> |
| Interim distribution payable         | <b>790,839</b> | <b>5.21<sup>1</sup></b> | <b>15 Jan 2021</b> |

<sup>1</sup> The Fund has a Target Cash Distribution ("TCD") per annum of 4% and the TCD for the period ended 30 December 2020 was 5.21 CPU.

|                                      | \$      | CPU  | Date Paid   |
|--------------------------------------|---------|------|-------------|
| <b>Period ended 31 December 2019</b> |         |      |             |
| Prior year final distribution paid   | 260,237 | 3.95 | 12 Jul 2019 |
| Interim distribution payable         | 164,576 | 2.00 | 8 Jan 2020  |

The TCD for each period will be determined by using the average of the month-end NAV per unit over a two year rolling period ending on the last Business Day of the prior distribution period.

On 5 January 2021 MAM advised on the ASX, the TCD for the six month period ended 30 Jun 2021 will be 5.32 CPU.

A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

### Distribution Reinvestment Plan ("DRP")

The Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders during the period.

Unitholders may request their distributions to be applied as subscriptions for additional units in the Fund at the Issue Price (as determined by the Fund's Constitution). DRP details for the interim distribution are as follows:

|                                       | Interim<br>Distribution<br>Payable<br>31 Dec 2020 | Final<br>Distribution<br>Paid<br>30 Jun 2020 | Interim<br>Distribution<br>Payable<br>31 Dec 2019 | Final<br>Distribution<br>Paid<br>30 Jun 2019 |
|---------------------------------------|---|--|---|--|
| DRP issue price (\$)                  | <b>2.9141</b>                                     | 2.5808                                       | 2.8246  | 2.6372                                       |
| DRP unitholder participation rate (%) | <b>12.94</b>                                      | 10.04  | 12.59   | 13.45  |
| Number of units issued under DRP      | <b>33,904</b>                                     | 32,170                                       | 7,336   | 13,264                                       |
| Value of units issued under DRP (\$)  | <b>98,806</b>                                     | 83,025                                       | 20,723  | 34,978                                       |
| DRP issue date                        | <b>15 Jan 2021</b>                                | 14 Jul 2020                                  | 1 Jan 2020  | 1 Jul 2019                                   |

## 3. Investments

The Fund classifies its equity securities as financial assets and liabilities at fair value through profit or loss.

The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price 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.

# Notes to the Financial Statements

for the half year ended 31 December 2020

## Details of Investments

| Company Name                         | 31 Dec 2020<br>\$ | 30 Jun 2020<br>\$ |
|--------------------------------------|-------------------|-------------------|
| <b>Investments (Level 1)</b>         |                   |                   |
| Equity securities listed on the ASX: |                   |                   |
| Commonwealth Bank Of Australia       | <b>3,828,460</b>  | 2,044,072         |
| BHP Billiton                         | <b>3,099,045</b>  | 2,049,370         |
| CSL                                  | <b>3,033,424</b>  | 2,021,915         |
| Wesfarmers                           | <b>2,217,499</b>  | 1,556,408         |
| Credit Corp                          | <b>1,595,751</b>  | 337,167           |
| Westpac Banking                      | <b>1,564,554</b>  | 1,055,586         |
| Aurizon Holdings                     | <b>1,535,801</b>  | 1,110,291         |
| Mineral Resources                    | <b>1,482,571</b>  | 1,169,621         |
| Macquarie Bank                       | <b>1,446,147</b>  | 1,035,615         |
| Coles Group                          | <b>1,328,755</b>  | 1,055,406         |
| Healius                              | <b>1,295,030</b>  | 235,311           |
| Pacific Current                      | <b>1,274,855</b>  | -                 |
| Tabcorp                              | <b>1,259,474</b>  | -                 |
| Origin Energy                        | <b>1,201,376</b>  | 1,127,984         |
| Aristocrat Leisure                   | <b>1,199,018</b>  | 1,068,323         |
| Ampol                                | <b>1,166,470</b>  | 1,110,319         |
| Medibank                             | <b>1,157,520</b>  | 1,040,385         |
| SCA                                  | <b>1,134,809</b>  | 740,056           |
| Smart Group                          | <b>1,107,403</b>  | 653,860           |
| Waypoint                             | <b>1,069,183</b>  | 1,018,269         |
| PSC Insurance                        | <b>1,064,295</b>  | -                 |
| Reece Australia                      | <b>1,004,787</b>  | 744,252           |
| Nick Scali                           | <b>891,206</b>    | 439,344           |
| ARB                                  | <b>849,402</b>    | -                 |
| A2 Milk                              | <b>821,835</b>    | -                 |
| Northern Star                        | <b>771,374</b>    | -                 |
| Adore Beauty                         | <b>752,888</b>    | -                 |
| Insurance Australia Group            | <b>743,907</b>    | -                 |
| Metcash                              | <b>667,648</b>    | 241,449           |
| Iress                                | <b>617,417</b>    | -                 |
| James Hardie Industries              | <b>611,635</b>    | 588,680           |
| Collins Foods                        | <b>531,858</b>    | -                 |
| Charter Hall                         | <b>466,572</b>    | -                 |
| Suncorp Group                        | -                 | 872,013           |
| Telstra                              | -                 | 847,717           |
| Centuria Industrial                  | -                 | 521,487           |
| Qantas Airways                       | -                 | 461,863           |
| Premier Investments                  | -                 | 389,091           |
| Pendal Group                         | -                 | 344,588           |
| AMP                                  | -                 | 280,116           |
| <b>Total Investments</b>             | <b>42,791,969</b> | 26,160,558        |

The Fund does not hold any level 2 or 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

# Notes to the Financial Statements

for the half year ended 31 December 2020

## 4. Unitholders' Equity

|  | 6 Months To<br>31 Dec 2020<br>No. Of Units | 12 Months<br>To<br>30 Jun 2020<br>No. Of Units |
|--|--|--|
| <b>Units on Issue</b>                      |  |  |
| Opening balance                            | <b>10,385,500</b>                          | 6,593,515                                      |
| Units issued                               | <b>11,357,606</b>                          | 4,839,913                                      |
| Units issued under DRP                     | <b>32,170</b>                              | 20,600   |
| Units redeemed                             | <b>(6,596,023)</b>                         | (1,068,528)                                    |
| <b>Units on Issue at end of the Period</b> | <b>15,179,253</b>                          | 10,385,500                                     |

### Entering and exiting the Fund

Investors can enter or exit the Fund via buying/selling units on the ASX or by applications/withdrawals direct to/from the Responsible Entity. The method of entry into the Fund does not affect the method of exit from the Fund.

There are important differences between entering and exiting the Fund by applying for and withdrawing units directly with the Responsible Entity or buying and selling units via the ASX. These differences include, but are not limited to, the entry and exit price received, and whether investment minimums apply. Further details are available in the Fund's Product Disclosure Statement ("PDS").

### Ordinary Units

Applications received for units in the Fund are recorded net of entry fees. Redemptions from the Fund are recorded gross of exit fees. The Fund recognises units issued or redeemed when settled, which is trade date.

The Fund has one class 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 PDS. 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:

- it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the net asset value ("NAV") of the Fund;
- 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;
- the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

# Notes to the Financial Statements

for the half year ended 31 December 2020

## 5. Earnings Per Unit

Basic Earnings Per Unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

|   | 31 Dec 2020       | 31 Dec 2019 |
|---|-------------------|-------------|
| <b>Basic EPU</b>  |                   |             |
| Profit/(loss) attributable to unitholders (\$)                      | <b>4,824,092</b>  | 1,427,351   |
| Weighted average number of units for basic EPU                      | <b>12,417,383</b> | 7,211,835   |
| <b>Basic EPU (Cents)</b>  | <b>38.85</b>      | 19.79       |
| <b>Diluted EPU</b>  |                   |             |
| Profit/(loss) attributable to unitholders (\$)                      | <b>4,824,092</b>  | 1,427,351   |
| Weighted average number of units for diluted EPU                    | <b>12,417,383</b> | 7,211,835   |
| <b>Diluted EPU (Cents)</b>  | <b>38.85</b>      | 19.79       |
| <b>Earnings Reconciliation</b>                                      |                   |             |
| Profit/(loss) used in the calculation of basic and diluted EPU (\$) | <b>4,824,092</b>  | 1,427,351   |

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

## 6. Net Asset Value Per Unit

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

|              | 31 Dec<br>2020 | 31 Dec<br>2019 |
|--------------|----------------|----------------|
|              | \$             | \$             |
| NAV per unit | <b>2.9141</b>  | 2.8246         |

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and fee accruals.

In a release to the ASX on 5 February 2021, the Fund reported a NAV per unit of \$2.9147 and 15,797,138 units on issue as at 29 January 2021.

## 7. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Dr Brett Cairns.

The Fund's investments are managed on a single portfolio basis and in one business segment being equity investment, as well as in one geographic segment being Australia. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

## 8. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Fund has no contingent assets, contingent liabilities or commitments (June 2020: nil).

## 9. Subsequent Events

Other than the items disclosed throughout this financial report, there have been no matters or circumstances arising after the end of the period 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 periods. Asset prices move daily and daily unit prices are available on the Airlie Australian Share Fund website, [www.airlieaustraliansharefund.com.au](http://www.airlieaustraliansharefund.com.au).



# Directors' Declaration

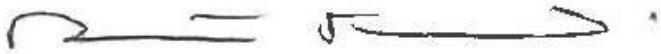
for the half year ended 31 December 2020

In the opinion of the Directors,

- a. the financial statements and notes as set out on pages 8 to 16 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 2020 and of its performance as represented by the results of its operations and cash flows for the half 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 required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 31 December 2020.

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



**Robert Fraser**

Chairman

Sydney, 26 February 2021

## Independent auditor's review report to the unitholders of Airlie Australian Share Fund

### Report on the interim financial report

#### Conclusion

We have reviewed the accompanying interim financial report of Airlie Australian Share Fund (the Fund), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the interim period 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 interim 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 2020 and of its financial performance for the interim period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the interim financial report

The Directors of the Responsible Entity are responsible for the preparation of the interim 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 interim 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 interim 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 interim 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 2020 and its financial performance for the interim period 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 an interim 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.



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## Independence

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

Ernst & Young

Clare Sporle  
Partner  
Sydney  
26 February 2021

# Corporate Information

## Directors Of The Responsible Entity

Robert Fraser - Chairman  
Brett Cairns - Chief Executive Officer  
John Eales  
Colette Garnsey  
Paul Lewis  
Hamish McLennan  
Kirsten Morton - Chief Financial Officer  
Karen Phin

## Company Secretary Of The Responsible Entity

Marcia Venegas

## Registered Office

Level 36, MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9235 4760  
Fax: +61 2 9235 4800  
Email: [adviserservices@airlifm.com.au](mailto:adviserservices@airlifm.com.au)

## Auditor

Ernst & Young  
200 George Street  
Sydney NSW 2000

## Unit Registrar

Mainstream Fund Services Pty Ltd  
Level 1, 51 – 57 Pitt Street  
Sydney NSW 2000  
Telephone: 1300 127 780 (Australia), +61 2 8259 8566 (International), 0800 787 621 (New Zealand)  
Fax: +61 2 9247 2822  
Email: [magellanfunds@mainstreamgroup.com](mailto:magellanfunds@mainstreamgroup.com)

## Website

<https://www.airlifundsmanagement.com>