



Airlie
Funds Management

Airlie Australian Share Fund

Annual Report

For the year ended 30 June 2024

ABN 67 764 357 242

Contents

Chairman's Report	3
Responsible Entity's Report	4
Auditor's Independence Declaration	8
Financial Statements	
Statement of Profit or Loss and Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
1. Basis of Preparation	13
2. Distributions to Unitholders	15
3. Cash and Cash Equivalents	16
4. Statement of Cash Flows Reconciliation	16
5. Receivables	16
6. Investments	17
7. Payables	18
8. Unitholders' Equity	19
9. Earnings per Unit	20
10. Net Asset Value per Unit	20
11. Related Parties	21
12. Capital and Financial Risk Management	22
13. Segment Information	24
14. Auditor's Remuneration	24
15. Contingent Assets, Contingent Liabilities and Commitments	24
16. Subsequent Events	24
Directors' Declaration	25
Independent Auditor's Report	26
Unitholder Information	30
Corporate Information	31

Chairman's Report

for the year ended 30 June 2024

Dear Unitholders,

We are pleased to present the Annual 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 has been quoted on the Australian Securities Exchange under the AQUA Rules (ticker code: AASF) since 4 June 2020. As at 30 June 2024, the Fund had net assets of \$610.6 million and a Net Asset Value ("NAV") per unit of \$3.6732 per unit after providing for the final distribution of 6.82 cents per unit for the six months to 30 June 2024 (six months to 30 June 2023: 6.68 cents per unit). The Fund paid total distributions of 13.67 CPU for the period (June 2023: 13.08 CPU) and in addition passed on franking credits of 3.34 CPU and foreign income tax credits of 0.07 CPU to unitholders (June 2023: franking credits of 4.37 CPU and foreign income tax credits of 0.04 CPU).

The Fund's portfolio is actively managed by MAM. The Fund's primary objective is to provide long-term capital growth and regular income through investment in Australian equities. To achieve this objective, the Fund invests in a portfolio of between 15 and 35 companies that MAM has identified based on their financial strength, attractive durable business characteristics and the quality of their management teams. MAM invests in these companies when its view of their fair value exceeds the prevailing market price.

For the year to 30 June 2024, the Fund returned 12.4% net of fees. This compares with the return of the benchmark index (S&P/ASX 200 Accumulation Index) of 12.1% over the same period. The Fund has delivered a return of 10.2% per annum net of fees since inception, compared with the benchmark index return of 8.4% per annum.

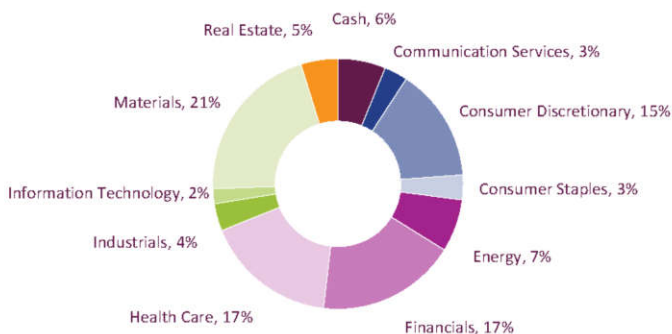
We encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released to the ASX and can also be found on our website at: www.airlifundmanagement.com.au.

As per the 30 June 2024 Fund Update, the Fund's portfolio consisted of investments in 29 companies, and had a cash position of 6% of investment assets. The Fund's Portfolio positioning based on GICS Sector classification is highlighted below.

TOP 10 POSITIONS (BY WEIGHT)

Company	Sector**
BHP Group Ltd	Materials
CSL Ltd	Health Care
Commonwealth Bank of Australia	Financials
ResMed Inc	Health Care
Macquarie Group Ltd	Financials
Aristocrat Leisure Ltd	Consumer Discretionary
James Hardie Industries	Materials
Ampol Ltd	Energy
BlueScope Steel Ltd	Materials
IDP Education Ltd	Consumer Discretionary

PORTFOLIO POSITIONING**



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

Yours sincerely,

Robert Fraser
Chairman

Sydney, 10 September 2024

Responsible Entity's Report

for the year ended 30 June 2024

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Airlie Australian Share Fund (the "Fund") present their annual report on the Fund for the period ended 30 June 2024.

1. Directors

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

		Appointed	Resigned
Robert Fraser	Chairman	23 April 2014	
David Dixon	Deputy Chairman and Non-Executive Director	1 November 2022	
John Eales AM	Non-Executive Director	1 July 2017	
Andrew Formica	Executive Director ¹	26 July 2023	
Cathy Kovacs	Non-Executive Director	6 November 2023	
Hamish McLennan	Non-Executive Director	1 March 2016	
Deborah Page AM	Non-Executive Director	3 October 2023	
Sophia Rahmani	Managing Director	13 May 2024	
Colette Garnsey	Non-Executive Director	30 November 2020	8 November 2023
David George	Managing Director and Chief Executive Officer	19 July 2022	24 October 2023
Kirsten Morton	Chief Operating Officer and Chief Financial Officer	5 October 2018	3 July 2023

¹ Mr Formica was appointed Non-Executive Director on 26 July 2023 and subsequently appointed Executive Director on 25 October 2023.

2. Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia, with the principal place of business at Level 36, 25 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 27 November 2023).

3. Significant Changes in State of Affairs

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

Responsible Entity's Report

for the year ended 30 June 2024

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the periods ended 30 June, was as follows:

	30 Jun 2024	30 Jun 2023
Results		
Total net investment income/(loss) (\$'000)	53,510	60,483
Total expenses (\$'000)	(4,308)	(3,184)
Profit/(Loss) (\$'000)	49,202	57,299
Distributions		
Distribution paid and payable (\$'000)	19,997	13,606
Distribution paid and payable (CPU) ¹	13.67	13.08
Unit Price (NAV Per Unit) (\$)²	3.6732	3.3897
ASX Reported NAV Per Unit (\$)³	3.7415⁴	3.4564

¹ Cents per unit.

² The Net Asset Value ("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 10 of the Financial Statements).

³ The NAV per unit reported to the ASX differs to the NAV per unit at balance date due to distributions payable and fee accruals.

⁴ ASX reported NAV per unit as at 28 June 2024, being the last business day of the period.

Distribution Components

Distribution components, which can be found on the Airlie Funds Management website, www.airlieaustraliansharefund.com.au, are as follows:

	31 Dec 2023 Interim Distribution CPU	30 Jun 2024 Final Distribution CPU	31 Dec 2022 Interim Distribution CPU	30 Jun 2023 Final Distribution CPU
Domestic Income				
Interest	0.2635	0.3141	0.1749	0.2857
Franked dividends	3.9720	2.0709	3.0925	5.0523
Franking credits	2.0954	1.2429	1.6603	2.7124
Conduit foreign income	0.6274	0.6767	0.3852	0.6294
Other income	0.0781	0.2788	0.2034	0.3323
Foreign Sourced Income	0.1618	0.1249	0.0620	0.1014
Foreign income tax offsets	0.0355	0.0298	0.0168	0.0274
Capital Gains (TARP)¹				
Discounted	0.0414	-	0.1243	0.0911
Other	-	-	0.0037	0.0060
Capital Gains (NTARP)²				
Discounted	0.0077	0.7099	1.0871	-
AMIT CGT gross up amount	0.0491	0.7099	1.2114	0.0911
Other non-attributable amounts (tax deferred amounts)	1.6490	1.9348	0.0555	0.0907
Attribution Amount	8.9809	8.0927	8.0771	9.4198
Tax Offsets				
Franking credits	(2.0954)	(1.2429)	(1.6603)	(2.7124)
Foreign income tax offsets	(0.0355)	(0.0298)	(0.0168)	(0.0274)
Cash Distribution	6.8500	6.8200	6.4000	6.6800

¹ Taxable Australian real property.

² Non-taxable Australian real property.

Responsible Entity's Report

for the year ended 30 June 2024

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	30 Jun 2024 %	30 Jun 2023 %
Management fee	0.78	0.78
Total Indirect Cost Ratio	0.78	0.78

4.3. Performance Returns

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

	30 Jun 2024 %	30 Jun 2023 %
Growth return ¹	8.4	13.6
Distribution return ²	4.0	4.5
Total Return³	12.4	18.1

¹ 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.

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

³ 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.

5. Strategy and Future Outlook

The Fund's investment objectives are 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, quarterly portfolio disclosures and annual investor reports, which can be found on the Airlie Funds Management website, www.airlifundsmmanagement.com.au. 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 8 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 strategy 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

NAV moves as a result of a number of factors including movements in asset prices, unitholder subscriptions and redemptions. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the Airlie Australian Share Fund website, www.airlifundsmmanagement.com.au and also the ASX website. Subsequent to balance date, as at 6 September 2024, the Fund had a NAV per unit of \$3.7961 with a net asset value of \$702,585,000 and 185,080,000 units on issue.

Other than the above and 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.

Responsible Entity's Report

for the year ended 30 June 2024

9. Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Responsible Entity in office are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the period, MAM paid an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

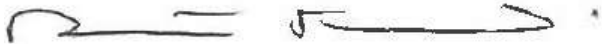
10. Rounding of Amounts

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

11. 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 8.

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



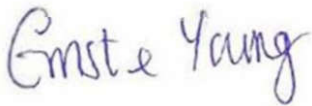
Robert Fraser
Chairman

Sydney, 10 September 2024

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Airlie Australian Share Fund

As lead auditor for the audit of Airlie Australian Share Fund for the financial year ended 30 June 2024, 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Clare Sporle

Partner

Sydney, 10 September 2024

Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June 2024

	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Investment Income			
Dividend and distribution income		15,103	13,451
Interest income		1,109	607
Net change in fair value of investments		37,298	46,425
Total Net Investment Income/(Loss)		53,510	60,483
Expenses			
Management fees	11	3,659	2,756
Transaction costs		555	381
Withholding tax on dividends		94	47
Total Expenses		4,308	3,184
Profit/(Loss)		49,202	57,299
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		49,202	57,299
Basic Earnings Per Unit (Cents)	9	37.96	54.42
Diluted Earnings Per Unit (Cents)	9	37.96	54.42

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 30 June 2024

	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Assets			
Cash and cash equivalents	3	36,872	21,242
Receivables	5	4,104	2,861
Investments	6	583,990	358,207
Total Assets		624,966	382,310
Liabilities			
Distributions payable	2	11,336	7,367
Payables	7	3,067	1,121
Total Liabilities		14,403	8,488
Total Unitholders' Equity		610,563	373,822

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 year ended 30 June 2024

	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Total Unitholders' Equity at the beginning of the Period		373,822	302,151
Transactions with Unitholders in their Capacity as Owners:			
Units issued		252,999	136,983
Units issued under Distribution Reinvestment Plan and management fee rebates	2	1,359	1,900
Units redeemed		(46,822)	(110,905)
Distributions paid and payable	2	(19,997)	(13,606)
Total Transactions with Unitholders		187,539	14,372
Profit/(loss)		49,202	57,299
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		49,202	57,299
Total Unitholders' Equity at the end of the Period		610,563	373,822

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 year ended 30 June 2024

	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000 ¹
Cash Flows from Operating Activities			
Purchase of investments		(347,870)	(209,088)
Proceeds from sale of investments		161,897	194,078
Dividends and distributions received (net of withholding tax)		14,846	13,139
Interest received		1,041	547
Management fees paid		(3,546)	(2,563)
Transaction costs paid		(555)	(381)
Net Cash Inflow/(Outflow) from Operating Activities	4	(174,187)	(4,268)
Cash Flows from Financing Activities			
Receipts from issue of units		251,231	136,886
Payments for redemption of units		(46,745)	(110,887)
Distributions paid		(14,669)	(10,548)
Net Cash Inflow/(Outflow) from Financing Activities		189,817	15,451
Net Increase/(Decrease) in Cash and Cash Equivalents		15,630	11,183
Cash and cash equivalents at the beginning of the period		21,242	10,059
Cash and Cash Equivalents at the end of the Period	3	36,872	21,242

¹ Refer to Note 1 Basis of Preparation for discussion regarding reclassifications.

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 year ended 30 June 2024

Overview

The Fund is a registered managed investment scheme under the *Corporations Act 2001* and quoted on the ASX under the AQUA Rules (ticker code: AASF). 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 terminates on the earlier of the time provided by the Fund's Constitution or by law.

MAM is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 10 September 2024. 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

This general purpose financial report is presented in Australian Dollars and has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Fund's Constitution. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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 material 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 balance date.

Cash flows generated by investments and derivatives have been reclassified as cash flows from operating activities instead of cash flows from investing activities to align better with industry practice and improve comparability for users of the financial reports. Comparative figures have been adjusted to conform with the current period presentation.

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

1.1. Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The policies adopted in the preparation of this financial report are consistent with those of the previous financial period.

The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date. Unless it is early adopted, AASB 18 *Presentation and Disclosure in Financial Statements*, issued on 14 June 2024, will first apply to the Fund in the financial year ending 30 June 2028. The Directors of MAM have yet to assess the impact of this new standard on the Fund's financial statements. No other accounting standards, interpretations or amendments that have been issued are expected to have a material impact on the Fund's financial statements.

1.2. Functional and Presentation Currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian Dollar is also the Fund's presentation currency.

1.3. Investment Income

Dividend and Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statement of Cash Flows.

Net Change in Fair Value of Investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend and distribution income.

Notes to the Financial Statements

for the year ended 30 June 2024

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

1.4. Expenses

All expenses are recognised in profit or loss on an accruals basis.

1.5. Income Tax

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows managed investment trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Fund elected into the AMIT regime effective from the date of registration.

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to unitholders.

1.6. Goods and Services Tax

The Goods and Services Tax ("GST") incurred on the costs of various services provided to the Fund by third parties, such as custodial services and management fees, has been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable. Cash flows are included in the Statement of Cash Flows on a gross basis.

1.7. Critical Accounting Estimates and Judgements

The preparation of the Fund's financial statements required the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Where listed equities have no active market, the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may, however, move materially with movements in market prices (refer Note 12). As all investments are valued with reference to the listed quoted prices and the Fund's cash is held at strongly rated financial institutions, the Fund's financial assets and liabilities are not subject to significant judgement or complexity.

Notes to the Financial Statements

for the year ended 30 June 2024

2. Distributions to Unitholders

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's PDS. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable or distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively. The Responsible Entity may attribute an amount to a unitholder on redemption.

The Fund intends to target a cash distribution yield of 4% per annum, paid semi-annually for the periods ended June and December. The Target Cash Distribution ("TCD") for each period will be determined by using the average of the month-end NAV per unit over a two year rolling period ended on the last business day of the prior distribution period.

Distributions to unitholders are recognised directly in equity and presented in the Statement of Changes in Equity. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

Distributions for the periods ended 30 June are as follows:

	\$'000	CPU	Date Paid
Period ended 30 June 2024			
Interim distribution paid	8,661	6.85	17 Jan 2024
Final distribution payable	11,336	6.82	19 Jul 2024
Total Distributions Paid/Payable	19,997	13.67	

	\$'000	CPU	Date Paid
Period ended 30 June 2023			
Interim distribution paid	6,239	6.40	18 Jan 2023
Final distribution payable	7,367	6.68	21 Jul 2023
Total Distributions Paid/Payable	13,606	13.08	

The Fund paid total distributions of 13.67 CPU for the period (June 2023: 13.08 CPU) and in addition passed on franking credits of 3.34 CPU and foreign income tax credits of 0.07 CPU to unitholders (June 2023: franking credits of 4.37 CPU and foreign income tax credits of 0.04).

On 5 July 2024, MAM announced the TCD for the Fund for the six month period ending 31 December 2024 will be 7.03 CPU.

Distribution Reinvestment Plan

The Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders during the period. Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price determined by MAM in accordance with the DRP Rules. DRP details are as follows:

	31 Dec 2023 Interim Distribution	30 Jun 2024 Final Distribution	31 Dec 2022 Interim Distribution	30 Jun 2023 Final Distribution
DRP issue price (\$)	3.6824	3.6732	3.3149	3.3896
DRP unitholder participation rate (%)	7.93	6.43	4.15	9.14
Number of units issued under DRP	186,270	198,074	77,355	198,482
Value of units issued under DRP (\$'000)	686	728	256	673
DRP issue date	17 Jan 2024	19 Jul 2024	18 Jan 2023	21 Jul 2023

Notes to the Financial Statements

for the year ended 30 June 2024

3. Cash and Cash Equivalents

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Cash at bank - denominated in Australian Dollars	36,872	21,242
Total Cash and Cash Equivalents	36,872	21,242

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4. Statement of Cash Flows Reconciliation

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Reconciliation of Net Cash Flows from Operating Activities		
Profit/(loss)	49,202	57,299
Purchase of investments	(347,870)	(209,088)
Proceeds from sale of investments	161,897	194,078
Net change in fair value of investments	(37,298)	(46,425)
Fee rebates reinvested into units in the Funds	-	161
Net (increase)/decrease in receivables	(277)	(333)
Net increase/(decrease) in payables	159	40
Net Cash Inflow/(Outflow) from Operating Activities	(174,187)	(4,268)
Non-Cash Investing and Financing Activities		
Fee rebates reinvested into units in the Fund	-	161
Distributions reinvested into units in the Fund	1,359	1,765

5. Receivables

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Applications receivable	2,045	277
Dividend and distribution receivable	1,807	1,644
Interest receivable	133	65
Recoverable GST	119	73
Due from brokers - receivable for securities sold	-	802
Total Receivables	4,104	2,861

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

At balance date, the Fund's receivables, excluding recoverable GST, were due within 0 to 30 days (June 2023: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2023: 30 to 90 days). No amounts are impaired or past due at 30 June 2024 or 30 June 2023.

Notes to the Financial Statements

for the year ended 30 June 2024

6. 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.

Details of Investments

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Investments (Level 1)		
BHP Group	63,163	47,589
CSL	51,198	29,354
Commonwealth Bank of Australia	33,430	26,643
Resmed Inc CDI's	29,841	10,403
Macquarie Group	28,769	15,682
Aristocrat Leisure	26,481	13,673
James Hardie Industries	24,778	13,107
Ampol	22,888	12,186
Bluescope Steel	22,238	-
IDP Education	21,787	-
National Australia Bank	21,702	18,335
Woolworths Group	19,962	11,497
Mineral Resources	19,598	17,583
Seven Group	19,476	12,188
Santos	19,402	12,857
News Corp Class B	18,794	10,701
Medibank Private	17,672	12,075
EBOS Group	16,016	-
Charter Hall	15,648	8,663
Waypoint	14,092	5,728
Wesfarmers	13,007	14,598
Dicker Data	11,906	4,357
QBE Insurance Group	10,362	11,842
Nick Scali	9,802	4,448
Premier Investments	9,602	9,853
Sigma Healthcare	9,229	-
PWR Holdings	8,837	8,099
Reece	2,531	1,868
Tabcorp Holdings	1,779	9,903
Orora	-	4,616
Region Group	-	4,297
Northern Star Resources	-	3,455
IRESS	-	1,393
IPH	-	1,214
Total Investments	583,990	358,207

Notes to the Financial Statements

for the year ended 30 June 2024

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.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Brokerage costs are expensed immediately in the profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Fund commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

During the period, 925 listed security transactions were made, incurring brokerage costs of \$555,000.

7. Payables

	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Due to brokers - payable for securities purchased		2,496	786
Management fees payable	11	416	257
Redemptions payable		155	78
Total Payables		3,067	1,121

Payables comprise trade creditors and accrued expenses owing by the Fund at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost, at the point when the Fund becomes obliged to make payments in respect of the purchase of these goods and services.

At balance date, all payables mature in 0 to 90 days (30 June 2023: 0 to 90 days).

Notes to the Financial Statements

for the year ended 30 June 2024

8. Unitholders' Equity

	30 Jun 2024 No. of Units '000	30 Jun 2023 No. of Units '000
Units on Issue		
Opening balance	110,283	101,236
Units issued	118,704	79,928
Units issued under DRP and management fee rebates	385	625
Units redeemed	(63,150)	(71,506)
Units on Issue at the end of the Period	166,222	110,283

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. The entry and exit price received and investment minimums are set out in the Fund's PDS which can be found on the Airlie Funds Management website, www.airlifundsmmanagement.com.au.

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.

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 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.

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

Notes to the Financial Statements

for the year ended 30 June 2024

9. Earnings per Unit

Basic Earnings Per Unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average number of units on issue. Diluted EPU is calculated by adjusting the basic EPU 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 units that would have been outstanding assuming the conversion of all dilutive potential units.

	30 Jun 2024	30 Jun 2023
Basic EPU		
Profit/(loss) attributable to unitholders (\$'000)	49,202	57,299
Weighted average number of units for basic EPU	129,615,874	105,296,283
Basic EPU (Cents)	37.96	54.42
Diluted EPU		
Profit/(loss) attributable to unitholders (\$'000)	49,202	57,299
Weighted average number of units for diluted EPU	129,615,874	105,296,283
Diluted EPU (Cents)	37.96	54.42
Earnings Reconciliation		
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	49,202	57,299

As the Fund has no potential dilutive units, basic and diluted EPU are equal. Since the end of the period, the Fund has issued units under the DRP (refer Note 2).

10. 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 8).

	30 Jun 2024	30 Jun 2023
	\$	\$
NAV per unit	3.6732	3.3897

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.

NAV moves as a result of a number of factors, including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. Asset prices move daily and daily unit prices are available on the Airlie Funds Management website, www.airlifundmanagement.com.au. Subsequent to balance date, as at 6 September 2024, the Fund had a NAV per unit of \$3.7961 with net asset value of \$702,585,000 and 185,080,000 units on issue.

Notes to the Financial Statements

for the year ended 30 June 2024

11. Related Parties

Responsible Entity

The Responsible Entity of the Fund is MAM. MAM is a wholly-owned subsidiary of Magellan Financial Group Limited ("MFG") (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity. MAM and MFG and are considered related parties of the Fund.

Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Fund. The Responsible Entity is responsible for managing the activities of the Fund and its Directors considered to be a KMP. The Fund does not employ personnel in its own right.

The Fund did not pay any compensation to the Directors of the Responsible Entity.

Management Fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets and overseeing the operations of the Fund. The management fee is 0.78% per annum (net of any applicable reduced input tax credits) of the value of the Fund, calculated daily. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are calculated daily based on the NAV (before fees) of the Fund reflected in the daily unit prices of the Fund and are payable at the end of each month.

Management fees paid/payable by the Fund are net of any applicable reduced input tax credits (refer Note 1.6). The management fees paid/payable by the Fund are as follows:

	30 Jun 2024	30 Jun 2023
	\$	\$
Management fees	3,659,445	2,756,321
Total Fees Expensed in the Statement of Profit or Loss and Comprehensive Income	3,659,445	2,756,321
Total Fees Payable in the Statement of Financial Position	416,456	256,702

Transactions with Related Parties

The number of units held and related transactions during the period by each related party and KMP, including their personally-related parties, in the Fund is as follows:

	30 Jun 2023				30 Jun 2024			
	Acquired/ disposed Number	Holding Number	Distribution		Acquired/ disposed Number	Holding Number	Distribution	
			% ¹	paid/ payable \$ ²			% ¹	paid/ payable \$ ²
Directors								
John Eales	-	16,685	na ³	2,182	-	16,685	na ³	2,281
David George ⁴	-	-	-	-	7,000	7,000	na	-
Karen Phin ⁵	-	19,049	na	na	-	-	-	-

¹ Percentage of units on issue at the end of the period.

² Represents the interim distribution paid and final distribution payable for the period comprising cash paid.

³ Holding less than 0.1%.

⁴ Holdings shown at date of resignation, 20 October 2022.

⁵ Holdings shown at date of resignation, 24 October 2022.

Transactions between the Fund and related parties are subject to the same terms and conditions as those entered into by other unitholders. Unless specified above, no other KMP held units in the Fund.

Notes to the Financial Statements

for the year ended 30 June 2024

12. Capital and Financial Risk Management

Financial Risk Management

The Fund's investment portfolio primarily comprises listed equity investments. The investment objectives of the Fund are to provide long-term capital growth and regular income (as detailed in the PDS). The Fund's investing activities expose it to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings.

Concentration Risk

Concentration risk indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund holds a concentrated portfolio of investments, and the returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and also increases the risk of poor performance.

The Fund's concentration risk is managed in accordance with the portfolio risk controls for the Fund, which are approved by MAM's Investment Committee.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices and interest rates.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolio is sufficient to ensure the Fund's returns are not overly correlated to a single company, industry specific or macroeconomic risk but the returns of the portfolio are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the return of the Fund may increase or decrease by different amounts.

For illustrative purposes an increase of 5% in the market prices of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Fund's profit/(loss) and unitholders' equity.

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Impact on unitholders' equity and profit/(loss)	29,200	17,910

A decrease of 5% in the market price of each of the Fund's investments would have had an equal but opposite effect.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary exposure to interest rate movements arises on the Fund's cash balances. The value of cash balances is sensitive to the Reserve Bank of Australia cash rate.

Interest rate movements have an insignificant impact upon the Fund's recorded net profit or equity.

Notes to the Financial Statements

for the year ended 30 June 2024

Market Making Risk

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of units in the Fund. At the end of each business day, the Responsible Entity, on behalf of the Fund, may create or cancel units by applying for or redeeming its net position in units bought or sold on the ASX. The Responsible Entity has appointed an independent market participant to act as its agent to transact and facilitate settlement on its behalf.

Market making risk comprises:

- the risk that the market making agent makes an error in executing the Fund's market making services. If the market making agent does not fulfil its settlement processing obligations in a correct and timely manner, the Fund could suffer a loss; and
- the risk of an error in the execution of market making activities, or in the price at which units are transacted on the ASX.

In order to mitigate this risk, the Responsible Entity, on behalf of the Fund, has the discretion to increase the spread at which it makes a market and also has the right to cease making a market subject to its obligations under the AQUA Rules and ASX Operating Rules.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Fund maintaining sufficient cash reserves to meet its normal operating requirements and holding investments that are traded in an active market and can be readily disposed.

In addition, to manage the Fund's overall liquidity, the Responsible Entity has the discretion to suspend capital withdrawals from the Fund for up to 28 days if it is impracticable for the Responsible Entity or if the Responsible Entity is unable to calculate the NAV of the Fund, the withdrawal request would reasonably require the Responsible Entity to sell 5% or more (by value of the net assets of the Fund), the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Fund.

At balance date, the Fund had an obligation to settle payables (including distribution payable) of \$14,403,000 (June 2023: \$8,488,000) within 30 days. The Fund has cash and receivables totalling \$40,976,000 (June 2023: \$24,103,000) to cover these liabilities.

Credit Risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Fund. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

The Fund's maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets and receivables recognised in the Statement of Financial Position as well as the value of any financial commitments which the Fund would assume in the event of counterparty default.

The Fund minimises concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by financial intermediaries with acceptable credit ratings as determined by a recognised rating agency. To further mitigate this risk, the credit rating and financial positions of the brokers used by the Fund are regularly monitored. Credit risk relating to outstanding settlements is considered low due to the short settlement periods involved.

The Fund is also exposed to the credit risk of The Northern Trust Company ("NT") which is the appointed custodian of the Fund. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's long-term deposit/debt is rated at balance date, by Standard and Poor's as AA- and by Moody's as Aa2 (June 2023: Standard and Poor's as AA- and by Moody's as Aa2).

Notes to the Financial Statements

for the year ended 30 June 2024

13. 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 Andrew Formica, an Executive Director of MAM.

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.

14. Auditor's Remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund, Ernst & Young Australia:

	30 Jun 2024	30 Jun 2023
	\$	\$
Fees for audit and review of statutory financial reports	31,050	28,770
Fees for audit related assurance services ¹	1,000	1,292
Fees for other services:		
Taxation compliance services ²	7,000	7,000
Total Auditor Remuneration	39,050	37,062
% of non-audit fees paid to auditor	20.5%	22.4%

¹ Comprises review of ICR calculations.

² Comprises review of income tax returns and distribution calculations.

Auditor Tenure

MAM as Responsible Entity has appointed EY as auditor. EY is the auditor of all Funds where MAM is the Responsible Entity. The external audit was last put out to tender in 2018, which aligned to the auditor's 10 year anniversary, and EY was reappointed auditor (where relevant to a Fund that was formed prior to 2018) as it scored highest across all requirements and the Board of the Responsible Entity was satisfied that appropriate safeguards were in place to ensure the required independence of EY. Ms Clare Sporle has served as lead audit partner since August 2019. In accordance with the *Corporations Act 2001* the next rotation of the lead audit partner is planned to occur after the completion of the 30 June 2024 financial year audit.

15. Contingent Assets, Contingent Liabilities and Commitments

At balance date, the Fund has no contingent assets, contingent liabilities or commitments (June 2023: nil).

16. 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 financial periods.

Directors' Declaration

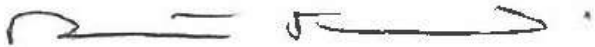
for the year ended 30 June 2024

In the Directors' opinion,

- a. the Financial Statements and Notes set out on pages 9 to 24 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 30 June 2024 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 1 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 year ended 30 June 2024.

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



Robert Fraser

Chairman

Sydney, 10 September 2024

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Airlie Australian Share Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Why significant

1. Investments

The Fund has a significant investment portfolio consisting of listed equities. As at 30 June 2024, the fair value of these investments were 93.4% of the total assets of the Fund.

Note 6 to the financial report disclosed that- these financial assets are recognised at fair value through profit or loss in accordance with the requirements of AASB9 *Financial Instruments*.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report, therefore existence and valuation of the investment portfolio was considered a key audit matter.

2. Management and performance fees

For the year ended 30 June 2024, management fees totalled \$3.7m which equates to 84.9% of total expenses. Management fees, paid to the investment manager, Magellan Asset Management Limited, are the most significant expense for the Fund.

The Fund's accounting policy for management fees is disclosed in Note 11 to the financial report. All expenses are recognised on an accrual basis, with performance fees recognised in the financial report if the performance hurdles for the Fund have been met at the end of the relevant measurement period.

Due to the complexity of the performance fee arrangements this was considered to be a key audit matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Fund's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

How our audit addressed the key audit matter

Our audit procedures included the following:

Assessing the effectiveness of relevant controls relating to the recognition and valuation of investments.

Obtaining and assessing the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the year ended 30 June 2024 and evaluating the auditor's qualifications, competence and objectivity and the results of their procedures.

Obtaining third party confirmations of the balances of investment holdings, including cash accounts, at 30 June 2024.

Assessing the fair value of all listed investments in the portfolio held at 30 June 2024 by comparing to independently sourced market prices.

Assessing the adequacy of the disclosures included in Note 6 and Note 12 to the financial report.

Our audit procedures included the following:

Assessing the effectiveness of the controls in relation to the calculation of management fees.

Obtaining and assessing the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the period ended 30 June 2024 and evaluating the auditor's qualifications, competence and objectivity and results of their procedures.

Recalculating management fees in accordance with contractual arrangements.

Assessing the adequacy of the disclosures in Note 11 of the financial report.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Fund are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Clare Sporle'.

Clare Sporle

Partner

Sydney, 10 September 2024

Unitholder Information

Distribution of Unitholders

The distribution of unitholders of the Fund as at 28 August 2024 is as follows:

	Number if unit holders	Number of units	Percentage of units on issue %
1-1,000	309	124,695	0.070
1,001-5,000	556	1,689,818	0.92
5,001-10,000	484	3,498,625	1.90
10,001-100,000	700	17,015,267	9.28
100,001 and over	61	161,098,381	87.83
Total	2,110	183,426,786	100.00
Number of holders with less than a marketable parcel of units	29	1,646	

Twenty Largest Unitholders

The names of the 20 largest unitholders in the Fund as at 28 August 2024 are as follows:

	Number of units	Percentage of units on issue %
Bond Street Custodians (Portfolio Manager A/C)	40,502,928	22.08
BT Portfolio Services (Panorama A/C)	22,265,346	12.14
The Trust Company (Ptal)	20,047,620	10.93
Netwealth Investments (Wrap A/C)	13,069,628	7.13
Netwealth Investment (Super Services A/C)	12,144,770	6.62
IOOF Investment Services ACF IIML AFT IPS Superfund	6,167,106	3.36
HSBC Custody Nominees (Australia)	4,987,950	2.72
Citicorp Nominees ACF (2224440000)	4,384,146	2.39
IOOF Investment Services ACF IOOF Investor Directed Portfolio Service	4,252,121	2.32
BNP Paribas Nominees Hub24 Custodial Services	3,450,369	1.88
Asgard Capital Management (Asgard & Ibs Holdings A/C)	3,065,701	1.67
HSBC Custody Nominees (Australia) (A/C 011-477395-061)	2,623,198	1.43
Mattrow (Mattrow Unit A/C)	2,000,000	1.09
Harveycrest (The AFF No. 2 Trust)	1,913,706	1.04
Harveycrest (The AFF No. 3 Trust)	1,913,706	1.04
Harveycrest (The AFF No. 4 Trust)	1,913,706	1.04
Certane CT (Shield Master Fund A/C)	1,906,014	1.04
Citicorp Nominees	1,457,188	0.79
Investment Custodial Services (C)	1,393,156	0.76
NCOBF (N&C O'Brien Family Foundation A/C)	1,149,000	0.63
Total Units Held By The 20 Largest Unitholders	150,607,359	82.10
Total Units On Issue	183,426,786	

Units

All issued units carry one vote per unit and the right to distributions.

Corporate Information

Directors of the Responsible Entity

Robert Fraser - Chairman
David Dixon - Deputy Chairman
John Eales AM
Andrew Formica
Cathy Kovacs
Hamish McLennan
Deborah Page AM
Sophia Rahmani

Company Secretary of the Responsible Entity

Marcia Venegas

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Website

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Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

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Email: magellanfunds@apexgroup.com

Securities Exchange Listing

Australian Securities Exchange code: AASF