



Airlie
Funds Management

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

AIRLIE AUSTRALIAN SHARE FUND
ABN 67 764 357 242

AIRLIE AUSTRALIAN SHARE FUND

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AIRLIE AUSTRALIAN SHARE FUND

Responsible Entity's Report

for the half year ended 31 December 2019

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 2019.

1. Directors

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

Name	Directorship	Appointed
Brett Cairns	Chief Executive Officer	22 January 2007
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Chairman	23 April 2014
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. The Fund was registered on 22 December 2017 and commenced operating on 31 May 2018.

The Fund invests in a portfolio of between 15 and 35 Australian equities to produce significant 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"), issued 1 December 2019).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund.

Airlie Funds Management Pty Limited ("Airlie") provided investment management services, in respect of the Fund, from 1 July 2019 to 30 November 2019. On 1 December 2019 MAM replaced Airlie as investment manager.

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

3. Significant Changes In State Of Affairs

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

4. Review Of Financial Results And Operations

a) Financial Results For The Half Year

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

	31 December 2019	31 December 2018
Results		
Total net investment income (\$)	1,513,434	(1,115,023)
Total expenses (\$)	86,083	47,862
Profit/(Loss) (\$)	1,427,351	(1,162,885)
Distributions		
Distribution payable to unitholders (\$) ^(A)	164,576	107,391
Distribution paid and payable (cents per unit)	2.00	2.00
Unit Price		
Unit Price (net asset value) (ex-distribution) (\$)	2.8246	2.3215
Redemption unit price (ex-distribution) (\$)	2.8206	2.3183

^(A) Distribution for the period ended 31 December 2019 was paid on 8 January 2020.

A distribution of 3.95 cents per unit, amounting to \$260,237 for the period ended 30 June 2019 was paid on 12 July 2019.

AIRLIE AUSTRALIAN SHARE FUND

Responsible Entity's Report for the half year ended 31 December 2019

4. Review Of Financial Results And Operations (continued)

b) 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 31 December 2019 %	12 months to 31 December 2019 %	6 months to 31 December 2018 %	31 May to 31 December 2018 % (A)
Indirect Cost Ratio				
Management fee ^(B)	0.39	0.78	0.39	0.45
Total Indirect Cost Ratio	0.39	0.78	0.39	0.45

^(A) The Fund commenced trading on 31 May 2018. As a result the Indirect Cost Ratio was measured from 31 May 2018 to 31 December 2018.

^(B) The annual base management fee is 0.78% p.a. inclusive of GST.

c) Performance Returns

The performance returns shown in the following table have been calculated using redemption unit prices for the Fund, which are after fees and expenses, assuming reinvestment of distributions at net asset value. The returns are calculated daily, compounded to produce longer period returns.

	6 months to 31 December 2019 %	12 months to 31 December 2019 %	6 months to 31 December 2018 %	31 May to 31 December 2018 % (A)
Growth return ^(B)	7.1	21.7	(10.8)	(7.1)
Distribution return ^(C)	0.8	2.7	0.8	0.8
Total Return ^(D)	7.9	24.4	(10.0)	(6.3)

^(A) The Fund commenced trading on 31 May 2018. As a result the performance returns were measured from 31 May 2018 to 31 December 2018.

^(B) 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.

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

^(D) 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.

d) Strategy And Future Outlook

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

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Fund provides daily unit prices, monthly fund updates and quarterly portfolio disclosure, which can be found on the Airlie Australian Share Fund website, 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.

5. Interest In The Fund

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

AIRLIE AUSTRALIAN SHARE FUND

Responsible Entity's Report for the half year ended 31 December 2019

6. Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the 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. Investment performance is not guaranteed and past returns should not be used to predict future returns.

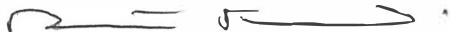
7. Subsequent Events

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.

8. 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 the following page.

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



Robert Fraser
Chairman

Sydney, 27 February 2020



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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 half-year ended 31 December 2019, 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
Sydney, 27 February 2020

AIRLIE AUSTRALIAN SHARE FUND

Statement Of Profit Or Loss And Comprehensive Income

for the half year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
Investment Income		
Dividend and distribution income	411,184	175,645
Interest income	5,290	4,038
Net change in fair value of investments	1,096,960	(1,294,706)
Total Net Investment Income	1,513,434	(1,115,023)
Expenses		
Management fees	77,962	38,629
Brokerage costs	8,121	9,233
Total Expenses	86,083	47,862
Profit/(Loss)	1,427,351	(1,162,885)
Other comprehensive income	-	-
Total Comprehensive Income	1,427,351	(1,162,885)

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

AIRLIE AUSTRALIAN SHARE FUND

Statement Of Financial Position

as at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Cash and cash equivalents		1,979,390	1,213,348
Receivables		36,928	168,917
Investments	3	21,409,225	16,706,944
Total Assets		23,425,543	18,089,209
Liabilities			
Payables		18,026	440,825
Distribution payable	2	164,576	260,237
Total Liabilities		182,602	701,062
Total Unitholders' Equity		23,242,941	17,388,147

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

AIRLIE AUSTRALIAN SHARE FUND

Statement Of Changes In Equity

for the half year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Unitholders' Equity At The Beginning Of The Period		17,388,147	7,171,250
Transactions with unitholders in their capacity as owners:			
Applications		5,127,383	6,649,232
Redemptions		(570,369)	(84,728)
Reinvestment of distributions		35,005	-
Distributions paid and payable	2	(164,576)	(107,391)
Total transactions with unitholders		4,427,443	6,457,113
Comprehensive income:			
Profit/(Loss)		1,427,351	(1,162,885)
Other comprehensive income		-	-
Total comprehensive income		1,427,351	(1,162,885)
Total Unitholders' Equity At The End Of The Period		23,242,941	12,465,478

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

AIRLIE AUSTRALIAN SHARE FUND

Statement Of Cash Flows

for the half year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
Cash Flows From Operating Activities		
Dividends and distributions received (net of withholding tax)	438,626	181,024
Interest received	5,105	4,227
Management fees paid	(74,424)	(36,051)
Brokerage costs paid	(7,860)	(9,519)
Net Cash Inflows/(Outflows) From Operating Activities	361,447	139,681
Cash Flows From Investing Activities		
Purchase of investments	(8,890,176)	(10,143,237)
Proceeds from sale of investments	4,988,453	3,725,534
Net Cash Inflows/(Outflows) From Investing Activities	(3,901,723)	(6,417,703)
Cash Flows From Financing Activities		
Receipts from issue of units	5,127,410	6,662,232
Payments for the redemption of units	(595,833)	(84,728)
Distributions paid	(225,259)	(3,141)
Net Cash Inflows/(Outflows) From Financing Activities	4,306,318	6,574,363
Net Increase/(Decrease) In Cash And Cash Equivalents	766,042	296,341
Cash and cash equivalents at the beginning of the period	1,213,348	714,616
Cash And Cash Equivalents At The End Of The Period	1,979,390	1,010,957

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

AIRLIE AUSTRALIAN SHARE FUND

Notes To The Financial Statements

for the half year ended 31 December 2019

Overview

Airlie Australian Share Fund ("the Fund") is a registered managed investment scheme domiciled in Australia. The Fund was registered on 22 December 2017 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 31 May 2018. The Fund terminates 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.

Magellan Asset Management Limited ("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 27 February 2020. 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 2019 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.

All amounts in the financial statements are rounded to the nearest dollar unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

a) Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards that are described in Note 1 b). The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) New And Amended Accounting Standards

There are no standards, interpretations or amendments to existing standards that are effective as of 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

c) Critical Accounting Estimates And Judgements

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

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

AIRLIE AUSTRALIAN SHARE FUND

Notes To The Financial Statements

for the half year ended 31 December 2019

2. Distributions To Unitholders

	31 December 2019	30 June 2019	31 December 2018	30 June 2018
Final distribution payable (\$)	-	260,237	-	3,141
Interim distribution payable (\$)	164,576	-	107,391	-
Distribution To Unitholders (cents per unit)	2.00	3.95	2.00	0.11
Payment date	8 Jan 2020	12 Jul 2019	15 Jan 2019	18 Jul 2018

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.

a) Distribution Reinvestment Plan ("DRP")

The Fund's 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), determined after the number of units on issue is calculated for the purpose of making the distribution. DRP details for the interim distribution are as follows:

	Interim Distribution Payable 31 December 2019	Interim Distribution Payable 31 December 2018
DRP issue price (\$)	2.8246	2.3215
DRP unitholder participation rate (%)	12.59	14.84
Number of ordinary units issued under DRP	7,337	6,863
Value of ordinary units issued under DRP (\$)	20,723	15,932
DRP issue date (distribution payment date)	8 Jan 2020	15 Jan 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.

	31 December 2019 \$	30 June 2019 \$
a) Investments (Level 1)		
Australian listed equity securities	21,409,225	16,706,944
Total Equity Securities	21,409,225	16,706,944

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.

AIRLIE AUSTRALIAN SHARE FUND

Notes To The Financial Statements

for the half year ended 31 December 2019

4. Unitholders' Equity

	6 Months To 31 December 2019 Number of units	12 Months To 30 June 2019 Number of units
Units On Issue At Beginning Of The Period	6,593,515	2,756,402
Units issued	1,829,837	3,964,809
Units issued under DRP	13,264	7,041
Units redeemed	(207,793)	(134,737)
Units On Issue At End Of The Period	8,228,823	6,593,515

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 redeem units, subject to restrictions disclosed in the Fund's Product Disclosure Statement.
- 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; and
- the right to participate in the termination and winding up of the Fund.

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

5. Contingent Assets, Contingent Liabilities And Commitments

At balance date the Fund has no contingent assets, contingent liabilities or commitments (June 2019: nil).

6. 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.

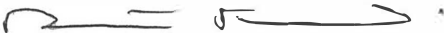
AIRLIE AUSTRALIAN SHARE FUND

Directors' Declaration for the half year ended 31 December 2019

In the opinion of the Directors,

- a) the financial statements and notes of Airlie Australian Share Fund as set out on pages 7 to 13 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 2019 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 is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser
Chairman

Sydney, 27 February 2020

Independent Auditor's Review Report to the members 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 2019, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the 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 2019 and of its financial performance for the 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 2019 and its financial performance for the 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.

Independence

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



Ernst & Young



Clare Sporle

Partner

Sydney, 27 February 2020

AIRLIE AUSTRALIAN SHARE FUND

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chief Executive Officer)

John Eales

Robert Fraser (Chairman)

Paul Lewis

Hamish McLennan

Kirsten Morton (Chief Financial Officer)

Karen Phin

Company Secretary Of The Responsible Entity

Marcia Venegas

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Auditor

Ernst & Young

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