Airlie Funds Management

Distributed by Magellan Investment Partners

Airlie Australian Share Fund - Active ETF

Ticker: AASF | ARSN: 623 378 487

A concentrated, active portfolio of Australian equities.

Fund Update: 30 September 2025 ARSN: 623 378 487

FUND FEATURES

- Access to an experienced, proven investment team specialising in Australian Equities, with a long track record of prudent common-sense investing.
- A conservative and robust investment process that focuses the team's energies on their 'best ideas'.

FUND FACTS

Investment Objective

To provide long-term capital growth and regular income through investment in Australian equities.

Investment Strategy

- Long only, bottom up specialised and focused Australian equities fund
- Concentrated portfolio of 15-35 stocks (target 25)
- Active, high conviction approach - Airlie's 'best ideas'

Investment Risks

All investments carry risk, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (**PDS**) sets out the significant risks relevant to the Fund. You can view the PDS at: www.airliefundsmanagement.com.au

Inception Date	1 June 2018
Benchmark	S&P/ASX 200 Accum. Index
Portfolio Size	AUD $1,031.6 million
Distribution Frequency	Semi-annually
Management Fee^	0.78% p.a. (inclusive of net effect of GST)
Ticker	AASF
APIR	MGE9705AU
Minimum Initial Investment#	AUD$25,000
Buy/Sell Spread#	0.18%/0.18%

^ Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.
# only applicable to investors who apply for units directly with the fund.

PORTFOLIO MANAGERS

Emma Fisher
Over 13 years investment experience. Formerly an investment analyst within the Australian equities team at Fidelity International and prior to that Nomura Securities.

Matt Williams
Matt has over 25 years industry experience. Matt joined Airlie in July 2016 managing Australian share strategies for institutional clients and is co-portfolio manager for the Airlie Australian Share Fund for retail clients.

DEPUTY PORTFOLIO MANAGER

Joe Wright
Joe has over 10 years experience in the investment industry. Joe joined Airlie in 2021 as an equities analyst and became Deputy Portfolio Manager for the Airlie Australian Share Fund in 2024.

Visit www.airlieaustraliansharefund.com.au for more information, including: fund performance, unit prices and iNAV, investment insights, PDS & forms.

PERFORMANCE*

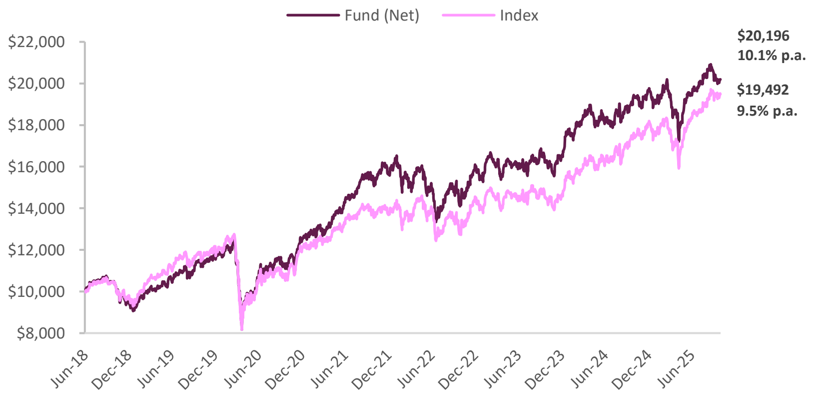
	Fund (%)	Benchmark (%)	Excess (%)
1 Month	-2.2	-0.8	-1.4
3 Months	1.4	4.7	-3.3
6 Months	10.1	14.7	-4.6
1 Year	3.9	10.6	-6.7
3 Years (p.a.)	12.6	15.2	-2.6
5 Years (p.a.)	12.7	13.0	-0.3
7 Years (p.a.)	9.8	9.3	0.5
Since Inception (p.a.)	10.1	9.5	0.6

Past performance is not a reliable indicator of future performance.

TOP 10 POSITIONS (BY WEIGHT)

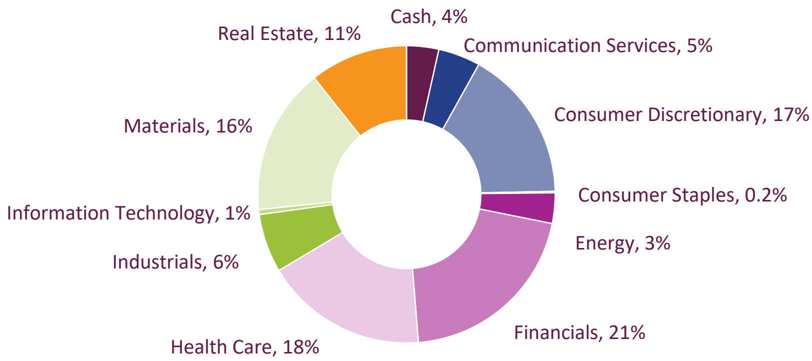
Company	Sector**
BHP	Materials
CSL	Health Care
Commonwealth Bank of Australia	Financials
ResMed	Health Care
Aristocrat Leisure	Consumer Discretionary
News Corp	Communication Services
Macquarie	Financials
SGH	Industrials
Goodman	Real Estate
BlueScope Steel	Materials

PERFORMANCE CHART GROWTH OF AUD $10,000*



Past performance is not a reliable indicator of future performance.

PORTFOLIO POSITIONING**

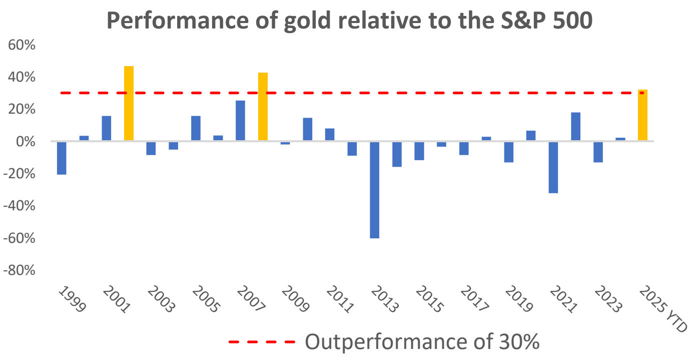


* Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.
** Based on GICS Sector classification, may not sum to 100% due to rounding.

MARKET COMMENTARY

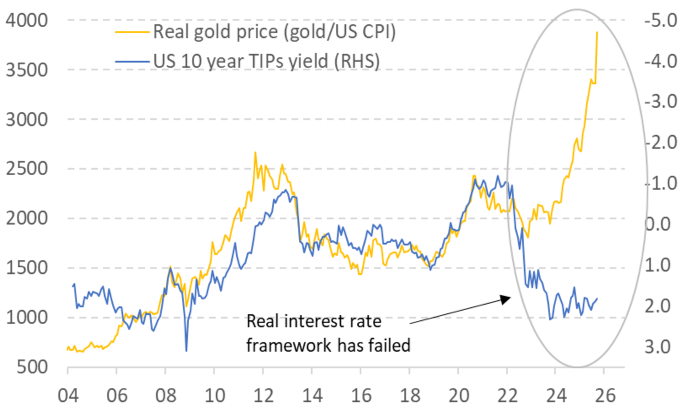
A strong quarter for the S&P/ASX 200 (+4.7%), somewhat overshadowed by an unbelievable quarter for the S&P 500 (+8.1%), where the narrative regarding the forthcoming value that will be created as a function of the investment required to support AI infrastructure, and the disruptive nature of AI itself, continued to push markets higher.

Curiously, at the same time global markets enjoyed a period of relative strength. So too did the gold price, up 16% in the quarter. Through CY2025 year to date, the gold price has outperformed the S&P 500 by ~30%. Only twice in history has this happened on a calendar year basis – in 2002, following the collapse of the dotcom bubble, and 2008 during the GFC.



Source: Airlie Funds Management

The historical correlation between the gold price and US real yields has broken down. This dislocation effectively coincides with the outbreak of the Russia-Ukraine war and the move by Western nations to freeze Russian central bank funds in these countries.



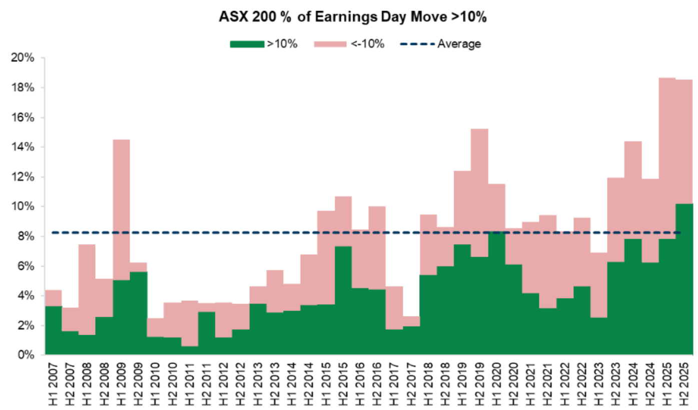
Source: MST Marquee

As central banks globally continue to accelerate reserve diversification away from the US dollar, the USD has continued to de-base and the gold price continues to rise.

It's difficult to anchor a gold price assumption to any fundamental view of supply and demand or shape of the cost curve. Given positive sentiment towards the yellow metal currently appears unbreakable, we think it is prudent to remain alive to a scenario where future monetary debasement or structural reserve diversification doesn't materialise as per the expectations implied by the current price.

The S&P/ASX 200 continues to look expensive relative to history and, as we have lamented in previous commentaries, much of this is a function of the Big Four banks. The S&P/ASX 200 finished the September quarter on a forward P/E of 20.7x, up 6% in the quarter. The re-rate continues despite very little EPS growth forecast at an index level. Despite index level valuations being elevated, we continue to find attractive pockets of risk-reward and tilt the portfolio accordingly.

Finally, the overall level of volatility across the S&P/ASX 200 remains extraordinarily high and this was particularly evident during reporting season, with almost 20% of ASX companies seeing their share prices move up or down 10% on the day of their earnings result. Ultimately, we believe this volatility should provide opportunities for high conviction active managers to both buy and sell businesses at attractive prices, the main requirement being a well-researched view on intrinsic value underpinned by forecasts of future cash flows discounted back to the present.



Source: Goldman Sachs

FUND COMMENTARY

The Airlie Australian Share Fund rose 1.4% (net of fees) in the September quarter, lagging the S&P/ASX 200, which rose 4.7% over the period.

A disappointing quarter for the portfolio where a poor reporting season was exacerbated by an extension of momentum in many companies where we believe there is an absence of fundamental valuation support. The bulk of the underperformance in the period came from active positions in EBOS (-27%) and CSL (-16%), where soft earnings results (and relatively modest negative EPS revisions) were met with sharp multiple de-rates. Our underweight position to the Big Four banks also remained a net headwind in the period, as we do not hold Westpac (+15%) or ANZ (+14%). Offsetting these detractors was strong performance from several key holdings including Nick Scali (+28%), Charter Hall (+19%), Ampol (+18%) and Aspen Group (+18%).

Key detractors during the quarter:

CSL (-16%): CSL fell sharply after the release of its FY25 results, with the market concerned that the medium-term growth rate of earnings for the Behring division would be slower than expected going forward. Despite modest earnings revisions, the valuation of CSL de-rated significantly as a result. While management continue to attest to robust demand for the Company's core plasma proteins, the market remains unconvinced, and uncertainty about the Company's current competition position means CSL will remain in the sin bin until its financial results prove otherwise. We believe the Company is trading on 16x FY27 P/E, which screens attractively for a business of this quality, both in an absolute sense and relative to the broader market, and added to our position in the period.

EBOS (-27%): An underlying 2H25 EBITDA miss of 5% and lower-than-expected FY26 EBITDA guidance reflected lower margins in Community Pharmacy (heightened competition) and cyclical pressure on Animal Care sales (post-covid pet boom). The Institutional Healthcare division was a bright spot, particularly the high-margin Medical Technology distribution business with 14% organic sales growth. Overall, EBOS remains a high-quality operation trading at a market multiple, and we remain comfortable with our holding.

Key contributors during the quarter:

Nick Scali (+28%): Nick Scali reported exceptionally strong same-store sales across its Australian network in 2H25 (+21%), with a trading update confirming sales momentum is continuing into FY26 (written sales orders +9% in July on pcp). The Company's expansion into the UK is starting to bear fruit, with the Company delivering a material increase in gross margin on refurbished stores. The stock traded up to a valuation of ~27x P/E, which we used as an opportunity to size down our position modestly.

Charter Hall (+19%): CHC rallied through the quarter on optimism that rates have peaked, supported by strong FY26 EPS guidance and positive momentum from new fund launches and mandate wins. We have reduced our position size into share price strength.

Aspen Group (+18%): Aspen Group reported FY25 earnings that were +22% on pcp and ahead of market expectations. The stock has re-rated significantly since our initial purchase as the market gained greater visibility on the Company's pipeline of affordable housing developments, and greater confidence on the margins and returns that can be extracted from these developments, and the capability within the Company to continue to deploy capital into a part of the housing market that remains materially underserviced.

Ampol (+18%): Ampol (ALD) reported a 1H25 result in line with market expectations; however, sentiment towards near-term refining margins has improved significantly, and the announcement of a deal to acquire the EG Group network of Australian fuel stations was received positively. Ampol is paying an attractive price for the network, at ~8x EBITDA. In time we believe the synergies extracted will imply a multiple paid closer to ~5x, rendering the deal hugely accretive to ALD shareholders. We note the deal is still subject to ACCC approval; however, this appears well planned for by management. We added to our position in the quarter, funded largely through a rotation out of Santos after the receipt of the indicative takeover offer from the ADNOC-backed XRG consortium (which has now been rescinded).

STOCK STORY – Washington H. Soul Pattison

(David Meehan – Investment Analyst)

Overview

Washington H. Soul Pattinson (SOL) is a diversified investment house that we at Airlie see as Australia's own mini-Berkshire Hathaway (the famous investment company led by Warren Buffett). SOL invests its permanent capital for the long term across listed large caps and emerging companies, as well as unlisted property, private equity and private credit. Today it oversees a diversified portfolio (NAV of A$13.2 billion).

Source: Washington H. Soul Pattinson

A long track record of adapting

SOL has a long history, founded in 1903 and originally being a sole operator of pharmacy stores. In the 1960s and 1970s, SOL began to diversify by expanding into the building material and resources sectors through positions in Brickworks and other ASX-listed companies. A key step change to the SOL occurred in 2021 through the acquisition of Milton Corporation, which increased the scale of SOL by c. A$3.7 billion in assets held primarily in domestic equities. Today SOL holds A$13.2 billion in net assets.

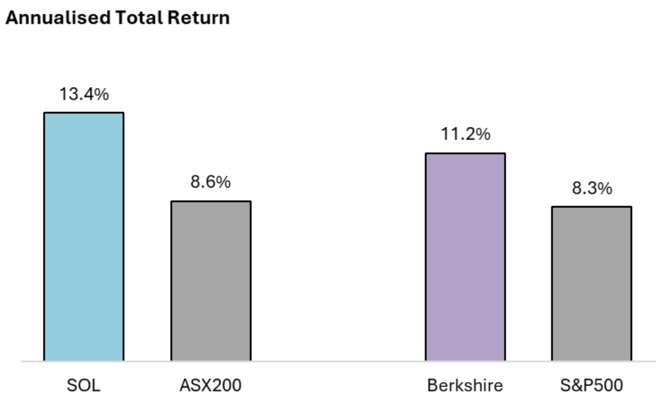
Investment philosophy

The SOL investment philosophy focuses on identifying long-term superior risk-adjusted returns, with diversification across industry and asset class to allow the portfolio to weather market cycles and generate sustainable returns.

As with Berkshire, the beauty of the model is the permanent capital that SOL controls. The company is not like other fund managers with the risk of capital withdrawal ever present, allowing for true long-term investment decisions.

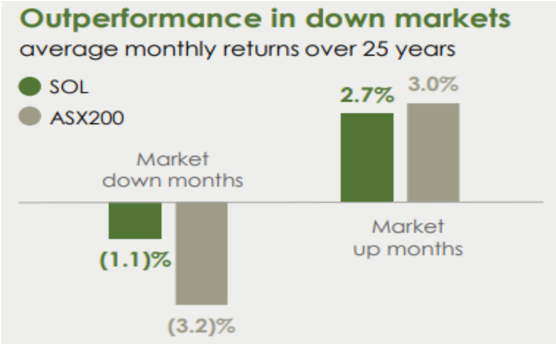
Long-term outperformance

Since 1 January 2000, SOL has delivered a compound total return of 13.4% p.a., compared with 8.6% p.a. for the S&P/ASX 200 over the same period. While we often compare SOL to Berkshire Hathaway, SOL's returns over this time frame are also ahead of Berkshire's (11.2% p.a. vs. 8.3% p.a. for the S&P 500).



Source: FactSet. Starting date 1 January 2000

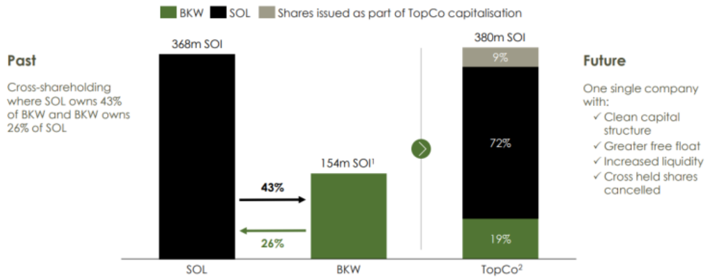
Crucially, this outperformance hasn't relied on "high beta" exposures that typically do extremely well in bull markets. SOL's portfolio leans to defensive, cash-generative businesses, which has historically helped it outperform in down markets – a feature we value given today's relatively high market valuations.



Source: Washington H. Soul Pattinson

Cleaner structure post Brickworks merger

The attractiveness of the SOL investment has only increased by the recent merger with Brickworks. Brickworks and SOL have historically held a long-term cross-shareholding partnership, which saw Brickworks own 26% of SOL and SOL own 43% of Brickworks. The merger not only cleans up the structure of SOL, but following the capital raise to undertake the merger, it leaves SOL with a net cash balance sheet.



Source: Washington H. Soul Pattinson

Green light to undertake further investments

We maintain a high level of confidence in SOL to continue to undertake high shareholder return investments given the stability and long tenure of key investment personnel including:

Name	Position	Tenure
Todd Barlow	CEO	21 yrs
Brendan O'Dea	CIO	7 yrs*
Dean Price	MD Credit & Emerging Companies	17 yrs
David Scammell	MD Private Equity & Advisory	21 yrs

**Includes his time as CEO at Milton Corporation*

With net cash post-merger, SOL has a green light to pursue accretive investments across its opportunity set. In our view, the combination of permanent capital, a proven team, defensive tilt and a simplified structure positions SOL to continue delivering attractive long-term returns for shareholders.