

# Airlie Small Companies Fund

ARSN 665 882 673  
APIR MGE1188AU



## Product Disclosure Statement | 27 November 2023

**Issued by: Magellan Asset Management Limited**

ABN 31 120 593 946, AFS Licence No. 304 301

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Investment in Airlie Small Companies Fund ("Fund") is offered by Magellan Asset Management Limited ABN 31 120 593 946 AFS Licence No. 304 301 (referred to in this PDS as "Magellan", the "Responsible Entity", the "Investment Manager", "we", "our" or "us").

This Product Disclosure Statement ("PDS") provides a summary of significant information relating to Airlie Small Companies Fund ("Fund"). The information in this PDS is general information only and does not take into account your personal financial situation or needs. Before making an investment decision based on this PDS, you should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

The information in this PDS is subject to change from time-to-time. Information that is not materially adverse information can be updated by us. Updated information can be obtained by going to our website [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au), by calling us, by contacting your licensed financial adviser or by contacting your master trust or wrap account operator (for indirect investors). You may request a paper copy of any updated information at any time, free of charge.

The Responsible Entity and its employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund. An investor's investment does not represent deposits or other liabilities of Magellan group companies.

An investment in the Fund is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested. For more information on the risks associated with an investment in the Fund, please refer to Section 5 of this PDS.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Fund in any jurisdiction outside Australia and New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Unless identified to the contrary, all references to monetary amounts are to Australian dollars. Capitalised terms have the meanings given to them in the Glossary (refer to Section 10).

**Target Market Determination:** The Target Market Determination for the Fund can be found at [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au) and includes a description of the class of investors that the Fund is likely to be appropriate for.

### Contact Details

**Address** Level 36, 25 Martin Place  
Sydney NSW 2000

**Website** [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au)

**Email** [adviserservices@airliefm.com.au](mailto:adviserservices@airliefm.com.au)

### Investor Services - Unit Registry:

#### Apex Fund Services

T 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ)

F +61 2 9247 2822

E [magellanfunds@apexgroup.com](mailto:magellanfunds@apexgroup.com)

A GPO BOX 143, Sydney NSW 2001

### Adviser Enquiries

T +61 2 9235 4760

E [adviserservices@airliefm.com.au](mailto:adviserservices@airliefm.com.au)

## 1. Key features at a glance

Airlie Small Companies Fund		For more Information						
Fund name	Airlie Small Companies Fund							
ARSN	665 882 673							
Responsible Entity and Investment Manager	Magellan Asset Management Limited trading as Airlie Funds Management ABN 31 120 593 946, AFS Licence No. 304 301	Section 2						
About the Fund	The Fund is a registered managed investment scheme. The Fund's portfolio will generally comprise 20 to 40 securities at any one time but will also have some exposure to cash. The Fund may also use exchange traded derivatives, in a limited manner, for risk management purposes.	Section 3 and Section 6						
Investment objective	The Fund's primary investment objective is to provide long-term capital growth and income through investment in Australian listed small companies.	Section 6						
Asset classes and allocation ranges	The Fund's assets are typically invested within the following asset allocation ranges: <table border="1"> <thead> <tr> <th>Asset Class</th><th>Investment Range</th></tr> </thead> <tbody> <tr> <td>Australian listed securities</td><td>90% - 100%</td></tr> <tr> <td>Cash and cash equivalents</td><td>0% - 10%</td></tr> </tbody> </table>	Asset Class	Investment Range	Australian listed securities	90% - 100%	Cash and cash equivalents	0% - 10%	Section 6
Asset Class	Investment Range							
Australian listed securities	90% - 100%							
Cash and cash equivalents	0% - 10%							
Net asset value	The net asset value ("NAV") of the Fund is calculated by deducting the liabilities (including any accrued fees) of the Fund from the aggregate value of assets. Unit prices are calculated by dividing the NAV by the number of units on issue.	Section 3						
Applying for units and withdrawing units in the Fund	Investors can enter the Fund by applying for units directly with the Responsible Entity using an Application Form.  Investors can exit the Fund by making a withdrawal request to the Responsible Entity using a Withdrawal Form.	Section 3						
Distributions	Distributions will generally be made semi-annually but may be made more or less frequently at the discretion of the Responsible Entity.	Section 3						
Fees and costs	Please refer to Section 7 for a detailed explanation of fees and costs.	Section 7						
Risks	All investments are subject to risk. The significant risks associated with the Fund are described in this PDS.	Section 5						
Cooling-off and complaints	A 14-day 'cooling-off period' may apply to your initial investment in the Fund in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then you should immediately notify us. If you exercise your cooling-off rights we will return your money to you. However, the amount returned may be lower than your original investment due to adverse market movements, any tax or duty deductions incurred, and any reasonable amounts for transaction and administration costs.  A complaints handling process has been established.	Section 9						
General information and updates	Further information, including any updates issued by the Responsible Entity and other statutory reports, can be found at: <a href="http://www.airliefundsmanagement.com.au">www.airliefundsmanagement.com.au</a> .	Section 9						
Annual tax reporting	Annual tax statements will be made available in respect of the Fund.	Section 8						

## 2. About Magellan Asset Management Limited

Magellan Asset Management Limited trading as Airlie Funds Management (the "Responsible Entity", "Investment Manager", "Magellan", "we", "our" or "us") is the responsible entity and investment manager for Airlie Small Companies Fund ("Fund"). As responsible entity, we are responsible for overseeing the operations of the Fund. As the investment manager, we are responsible for selecting and managing the assets of the Fund.

Magellan is a wholly owned subsidiary of Magellan Financial Group Limited, which is listed on the Australian Securities Exchange.

### 3. About Airlie Small Companies Fund and units

When you invest your money in the Fund, your money is pooled together with other investors' money. Magellan uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund's investment strategy. By investing in the Fund you have access to the investment expertise and insights of the investment team.

#### Units and unit prices

Unit prices are calculated by dividing the net asset value ("NAV") of the Fund by the number of units on issue. Unit prices fluctuate each day as the market value of the Fund's assets rise or fall. The NAV unit price applicable to a given Business Day reflects the value of the net assets of the Fund at the close of trading in Australia. Unit prices are usually calculated by the end of the Business Day following the day to which they are applicable and are usually published on our website by 7.30pm (Sydney time) on the day of calculation.

When you invest in the Fund, we will calculate the units you receive using an entry unit price. The entry unit price is the NAV unit price for that day plus an allowance for transaction costs incurred by the Fund. When you withdraw your investment in the Fund, the value of your units will be calculated using an exit unit price. The exit unit price is the NAV unit price less an allowance for transaction costs. Further information about transaction costs can be found in Section 7 of the PDS.

#### Investing in the Fund

You can make an investment in the Fund by sending us a correctly completed Application Form together with the required supporting identification documentation. The minimum initial investment is \$10,000.

Additional investments can be made into an existing account at any time. The minimum amount for an additional investment made using BPAY® is \$500. The minimum amount for an additional investment made using EFT or cheque is \$5,000.

We may accept initial and additional investment applications for smaller amounts at our discretion. The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount. We may also reject applications at our discretion.

If you invest into the Fund indirectly through an Investor Directed Portfolio Service ("IDPS"), IDPS-like scheme or a nominee or custody service (collectively referred to as "**master trusts**" or "**wrap accounts**"), the minimum investment amount will be determined by the operator of the master trust or wrap account and may be higher or lower than if you invest in the Fund directly.

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#### How we process transactions

We will process your application and issue units to you when we have received:

- your completed Application Form or Additional Application Form (not required for additional investment made by BPAY®), including any required identification documentation; and
- your cleared application monies into the Fund's application bank account.

If we receive your correctly completed Application Form by 2.00pm (Sydney time) on a Business Day and your cleared funds by close of business on the same Business Day, you will receive the entry unit price applicable to that Business Day. Otherwise we will issue units to you using the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies, subject to the applicable cut-off times.

For applications made by BPAY® (available for additional applications only), we will not issue units until we receive the money from your nominated financial institution. This generally means there will be a delay between the day you initiate a BPAY® transaction and the day the units are issued.

If you invest by EFT, you must quote your account name (or part thereof) and/or your current investor number as a reference to the payment. If you make an additional investment by EFT, please also ensure that you notify the Unit Registry of your EFT payment using the Additional Application Form or by sending an email to the Unit Registry. Otherwise, there may be a delay in issuing you with units.

If you invest by cheque or request us to process a direct debit (available for initial applications only), it may take up to three Business Days (in the case of a cheque) and up to four Business Days (in the case of a direct debit) for your application monies to clear from the date we bank the cheque or issue a direct debit request to your bank. If we receive your cheque or direct debit request before 2.00pm (Sydney time) on a Business Day we will action these on the day we receive them. If they are received after 2.00pm (Sydney time) on a Business Day we will action them the following Business Day. We will not issue units until your application monies have cleared.

If your cheque, direct debit, BPAY® or EFT is dishonoured by your financial institution, we will not process your application. We will not re-present a dishonoured payment unless you first contact us to discuss your application. We may deduct any fees incurred as a result of the dishonoured payment from your application amount before we issue you with units.

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#### Completing the Application Form

The Application Form is available from [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au). If you are a new investor to Magellan, please complete every section of the Application Form that is relevant to the type of investor you are. If you already hold an investment in another Magellan Fund (where Apex Fund Services is the Unit Registry), you do not need to complete the Application Form or provide further copies of supporting identification documents. You can instead complete the Additional Application Form, ensuring that you include your current investor number.

The Application Form includes details of the identification documentation that we are required by law to collect from you before we can issue units in the Fund to you.

Please mail the completed original of the Application Form, together with certified copies of the requested identification documentation, to our Unit Registry. The Unit Registry's postal address appears on the front of this PDS, at Section 11 of this PDS and on the Application Form. We may also accept applications by other electronic means, which will be outlined on our website.

## **Additional investments**

You can make an additional investment into an existing account at any time. The easiest means to make an additional investment is by BPAY®. There is no requirement to send in an Additional Application Form if you are making an additional investment by BPAY®. Your unique customer reference number ("CRN") will allow the Unit Registry to apply your additional investment to your account.

Please follow these steps using your bank account's BPAY® function if you wish to add to your existing investment without the need to complete any forms:

1. Enter the Biller Code of the Fund. The Biller Code for the Fund is 407049.
2. Enter your unique 12-digit Customer Reference Number (CRN). Please note that this is different from your investor number. To locate your CRN, please refer to your latest transaction confirmation or refer to the Unit Registry's online investor portal, which can be accessed via our website.
3. Enter the amount you wish to invest. Please note that a minimum of \$500 applies to additional investments made by BPAY®.
4. Save a copy of your BPAY® payment receipt as proof of payment. The Unit Registry will send you a transaction confirmation once units have been issued to you.

For additional investments made by EFT or cheque, you will need to notify our Unit Registry by email, fax or mail using the Additional Application Form or otherwise in writing indicating:

- your account name;
- your account/investor number;
- the name of the Fund into which you are making an additional investment;
- the amount of additional monies you are investing; and
- the method of payment.

## **Payment of your application monies**

We can accept payment of your application monies in Australian Dollars by cheque, Direct Debit (initial applications only), BPAY® (additional applications only) or EFT.

Instructions for making additional investments using BPAY® are set out in the above section entitled "Additional investments".

EFT payments can be made directly to the Fund's application bank account. The Fund's bank account details are as follows:

Fund:	Bank:	Branch:	Account Name:	BSB:	Account Number:
Airlie Small Companies Fund	National Australia Bank	225 George St, Sydney, NSW, 2000	Magellan Asset Management Limited ARE Airlie Small Companies Fund	082-001	33-334-7707

If you invest by EFT, you must quote your account name (or part thereof) and/or your current investor number as a reference to the payment.

If you wish to pay by cheque, please make your cheque payable to Magellan Asset Management Limited ARE Airlie Small Companies Fund, and mail the cheque with your Application Form or Additional Application Form.

If you wish to pay Direct Debit (available for initial applications only), please complete and sign the Direct Debit section of the Application Form. This will give us the authority to debit the monies from the account you nominate. Please also ensure you have read the terms of the Direct Debit Service Agreement which appears in Section 9 of this PDS.

Any interest earned on the Fund's bank account is retained by the Responsible Entity.

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## **Withdrawing your investment in the Fund**

You can withdraw some or all of your investment at any time, as long as the withdrawal request is for at least \$5,000. To do this, please send to us a completed Withdrawal Form or written notice of withdrawal. You can request a specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full withdrawal of your investment in the Fund. If your withdrawal request results in your remaining investment in the Fund falling below \$5,000, we may require you to withdraw your entire balance.

We will accept withdrawal requests via fax, email or mail. Instructions to withdraw should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the withdrawal request.

If we receive your correctly completed Withdrawal Form before 2.00pm (Sydney time) on a Business Day, we will calculate the amount of your withdrawal using the exit price applicable to that Business Day. If we receive your withdrawal request after 2.00pm on a Business Day, we will use the following Business Day's exit price.

## **Payment of your withdrawal proceeds**

We will endeavour to effect payment of withdrawals within 7 Business Days of our receipt and acceptance of your withdrawal request, however, this timeframe is not guaranteed and there may be occasions when payment timeframes are significantly longer. Under the Fund's Constitution, we have 21 days to satisfy a withdrawal request from when the withdrawal price is calculated and the withdrawal request is processed. There may be other circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can withdraw some or all of your investment.

We can only pay withdrawal proceeds to an Australian or New Zealand bank account held in the name of the investor. We are unable to pay withdrawal proceeds to a third party bank account. Normally we will pay withdrawal proceeds to the bank account you nominated on your Application Form when you opened your investment, or if you have subsequently written to us to change your nominated account, we will pay proceeds to that account. For withdrawal proceeds paid to New Zealand bank accounts, the conversion of your Australian dollar proceeds to New Zealand dollars will be processed by the Funds' bank at the exchange rate prevailing at the processing time.

We will send you a confirmation of your withdrawal once it has been processed and paid. The confirmation will include details of the bank account to which the proceeds have been paid. If any details of the bank account are incorrect, you should contact our Unit Registry straight away.

### **Switches**

You are able to switch all or part of your investment to another fund managed by Magellan where Apex Fund Services is the Unit Registry. A switch is a withdrawal from one Magellan fund and an application into another. If we receive your switch instruction before 2.00pm (Sydney time) on a Business Day, we will usually process the switch using the entry and exit prices applicable to that Business Day. If we receive your request after 2.00pm, we will usually process it using the following Business Day's unit prices. In circumstances where the calculation of unit prices is delayed for any reason, we have the discretion to defer the processing of switches until unit pricing has resumed.

We will accept switch requests via fax, email or mail. Instructions to switch should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the switch request. We are unable to process switches out of a fund whilst restrictions on withdrawals apply.

### **Restrictions on withdrawals and switches**

Withdrawals, issuances or switching of units may be suspended by us for up to 28 days including but not limited to where:

- it is impracticable for the Responsible Entity to calculate the net asset value of the Fund, for example, because of an inability to value the assets of the Fund or due to the closure of or trading restrictions or suspensions of securities exchanges on which any significant portion of the investments of the Fund is listed, quoted or traded;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in our opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage including a material diminution of the value of the Fund's assets or departure from the investment strategy of the Fund;
- we reasonably consider it would be in the interests of investors;
- it is otherwise permitted by law; or
- where we receive withdrawal requests of an aggregate value that in our reasonable estimate would require the sale of 5% or more of the Fund's assets.

The withdrawal process, including the calculation of the exit unit price, applies only when the Fund is "liquid" (within the meaning given to that term in the Corporations Act). Where the Fund ceases to be liquid, units may only be withdrawn pursuant to a withdrawal offer made to all investors in the Fund in accordance with the Fund's Constitution and the Corporations Act 2001. We are not obliged to make such offers.

### **Compulsory withdrawals**

The Responsible Entity may withdraw some or all of an investor's units without asking them in accordance with the Fund's Constitution or as permitted by law. As an example, this may occur when an investor breaches their obligation to the Responsible Entity (for example, where the Responsible Entity believes that the units are held in breach of prohibitions contained within the Fund's Constitution) or where the Responsible Entity believes that the units are held in circumstances which might result in a violation of an applicable law or regulation or subject the Fund to taxation or otherwise adversely affect the Fund in any material respect.

### **Indirect investors**

We authorise the use of this PDS as disclosure to persons who wish to access the Fund indirectly through an Investor Directed Portfolio Service ("IDPS"), IDPS-like scheme or a nominee or custody service (collectively referred to as "**master trusts**" or "**wrap accounts**").

If you are investing in the Fund through a master trust or wrap account you do not yourself become an investor in the Fund. Instead, as the master trust or wrap account operator is investing on your behalf, it acquires the rights of investors. In most cases, references to "you" or "your" in the PDS (for example, receiving distribution income, reinvestment distribution income and withdrawals) is a reference to the master trust or wrap account operator and accordingly their arrangements with you will set out your rights. We do not keep personal information about indirect investors.

Further, some provisions of the Fund's Constitution will not be relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the master trust or wrap account operator, not us. The master trust or wrap account operator can exercise (or decline to exercise) those rights in accordance with the arrangements governing the operation of the master trust or wrap account.

Enquiries about the Fund should be directed to your licensed financial adviser, master trust or wrap account operator.

### **Distributions**

The Responsible Entity intends that the Fund will make distributions on a semi-annual basis. The Fund may make distributions more or less frequently at the discretion of the Responsible Entity.

The distribution may comprise an amount attributed to you from income (such as dividends received from shares and interest) less expenses incurred by the Fund (such as management fees and costs) plus net capital gains made on the sale of shares or other investments held. In some circumstances, the Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains, or where the Fund has not generated any net income or net capital gains during the income year.

To be eligible to receive a distribution in respect of a unit for a distribution period, you must:

- hold that unit on the last day of the distribution period; or
- have applied for that unit on or before the last day of the distribution period.

You will not be eligible to receive a distribution in respect of a distribution period on a unit you have withdrawn on or before the last day of the distribution period. The distribution is not calculated on a pro-rata basis according to the time that Fund investors have held their units.

Under the AMIT rules, investors will be assessed for tax on the income of the Fund attributed to them. Where the income of the Fund exceeds the amount of the distribution paid to investors (“**Excess**”), the Responsible Entity may, in a particular year, retain or accumulate in the Fund the amount of the Excess. In this scenario, the income of the Fund that is attributed to you (and that must be included in your income tax return) will be more than the cash distribution paid to you. The tax cost base of your units will increase to the extent of the Excess. For more details, see Section 8 of this PDS.

We will send you a tax statement after the end of each financial year detailing the amounts attributed to you to assist in the preparation of your tax return.

You can choose to have your distributions directly credited to your Australian or New Zealand bank account or automatically re-invested as additional units in the Fund. No fees or transaction costs will be payable in respect of distributions that are automatically re-invested.

If you have provided a New Zealand bank account, the conversion of your Australian dollar distribution to New Zealand dollars will be processed by the Fund’s bank at the exchange rate prevailing at the processing time. Please be aware that distributions will be reinvested unless you instruct us otherwise on the Application Form.

Details in relation to each distribution will be published on the Fund’s website at [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au). The distribution policy of the Fund is current as at the date of this PDS and may be subject to change from time to time.

The Fund’s Constitution permits us to require that your distributions be reinvested as additional units in the Fund. We will provide a notification on our website if, in relation to a particular distribution, we have elected to require the reinvestment of the distribution.

## 4. Benefits of investing in Airlie Small Companies Fund

### Significant features

The primary investment objective of the Fund is to provide long-term capital growth and income through investment in Australian listed small companies. The Fund’s portfolio will generally comprise 20 to 40 investments at any one time but will also have some exposure to cash. The Fund may use exchange traded derivatives, in a limited manner, for risk management purposes.

### Significant benefits

Investing in the Fund offers investors a range of benefits, including:

- access to the Investment Manager’s investment expertise and a professionally managed Australian equities portfolio;
- access to a concentrated portfolio of attractive Australian listed companies which, when first acquired, do not rank in the S&P/ ASX 100; and
- participation in any capital appreciation and income distributions of the Fund.

## 5. Risks of investing in the Fund

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy, as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but not completely eliminated. It is important that you understand that:

- the value of your investment will rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that you may lose some money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on various factors and may include your age, investment timeframe, where other parts of your wealth are invested and your overall tolerance to risk. You may wish to consult a licensed financial adviser to better understand the risks involved in investing in this Fund.

The significant risks for the Fund are:

**Company specific risk:** Investments by the Fund in a company’s securities will be subject to many of the risks to which that particular company is itself exposed. These risks may impact the value of the securities of that company. These risks include such factors as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Concentration risk:** As the Fund will generally hold a concentrated portfolio of 20 to 40 investments, 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 increased risk of poor performance.

**Conflicts of interest risk:** We or our various service providers may from time-to-time act as issuer, investment manager, custodian, unit registry, broker, administrator, distributor or dealer to other parties or funds that have similar objectives to those of the Fund. It is possible that either we, or our service providers may have potential conflicts of interest with the Fund. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. The Investment Manager may invest in, directly or indirectly, or manage or advise other funds which invest in assets which may also be purchased by the Fund. Neither the Investment Manager nor any of its affiliates nor any person connected with it is under any obligation to offer investment opportunities to the Fund.

We maintain a Conflicts of Interest Policy to ensure that we manage our obligations to the Fund such that all conflicts (if any) are resolved fairly.

**Counterparty risk:** There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency forward transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations. As part of its risk management framework, Magellan has in place policies and procedures reasonably designed to manage this risk.

**Derivatives risk:** The value of a derivative is derived from the value of an underlying asset and can be highly volatile. Changes in the value of derivatives may occur due to a range of factors that include rises or falls in the value of the derivative in line with movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.

**Distribution policy risk:** Under the distribution policy for the Fund, there may be circumstances where there could be nil distribution or the distributions received by investors in cash may be insufficient to cover an investor's tax payable on the income of the Fund attributable to the investor.

**Fund risk:** Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully or that the Fund will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund. An investment in the Fund is governed by the terms of the Fund's Constitution and this PDS, each as amended from time to time. Magellan may elect, in accordance with the Fund's Constitution and the Corporations Act 2001, to terminate the Fund for any reason.

**Liquidity of investments risk:** The Investment strategy of the Fund involves investing in listed companies generally considered small to medium in terms of market capitalisation. Shares in smaller companies may trade less frequently, in lower volumes or not have a readily observable market price and therefore may be affected by liquidity risk to a greater degree than shares in larger companies. There is a risk that investments of the Fund cannot be readily converted into cash or at desired prices including due to the absence of an established market or where there is a shortage of buyers. In such circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations, including payment of withdrawals and distributions, within required timeframes or it may be required to sell assets at a substantial loss in order to do so. Additionally, different securities may be less liquid than other securities or pose a higher risk of becoming illiquid during times of market stress. Less liquid securities may not be able to be bought or sold quickly, which may make it more difficult to sell when the investment manager wishes to do so.

**Market risk:** There is a risk that the market price of the Fund's assets may fluctuate to a greater degree compared to funds that hold shares in large companies. This may be as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, pandemic outbreaks, environmental and technological issues.

**Operational risk:** Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the custodian, the unit registry, the administrator and other service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of units.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives.

**Performance fee risk:** There is a risk that the performance fee payable by the Fund will differ significantly over time. The performance fee for the Fund is subject to an index relative performance hurdle. The Fund's investments are more concentrated than the constituents of the index and the Fund has exposure to smaller companies, both of which may lead to higher volatility in the Fund's performance when compared to the index.

**Personnel risk:** The skill and performance of the Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in, and loss of, key personnel and resources of the Investment Manager may also have a material impact on investment returns of the Fund.

**Pooled investment scheme risk:** The market prices at which the Fund is able to invest inflows, or sell assets to fulfil outflows, may differ from the prices used to calculate entry and exit unit prices. Investors in the Fund may therefore be impacted by other investors entering and exiting the Fund. The impact will depend on the size of inflows or outflows relative to the Fund, and on the price volatility of the securities in which the Fund invests. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Regulatory risk:** There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

**Small companies risk:** Smaller companies may have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. Smaller companies may be engaged in new-to-market concepts which may be speculative in nature, and may also depend heavily on key personnel. Smaller companies may include recently established entities and have more limited operating histories, markets, product lines or financial resources than larger companies, and there is typically less third party research available in respect of smaller companies. Exposure to smaller companies may result in higher unit price volatility and an increased risk of loss of your capital.

**Withdrawal risk:** There may be circumstances where your ability to withdraw from the Fund is restricted. These circumstances may include (but are not limited to) where market events affect the liquidity or marketability of the Fund's assets, or where the Fund is no longer "liquid" (within the meaning given to that term in the Corporations Act 2001). If we, as Responsible Entity, determine that it is in the best interests of all unitholders, we may suspend withdrawals and these payments may take longer than the typical timeframe. The timeframe we have to meet a withdrawal request is outlined in Section 3 of this PDS and is also set out in the Constitution of the Fund. Where the Fund is not "liquid" (within the meaning given to that term in the Corporations Act 2001), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act.

## 6. The investment objective and strategy

An investment in the Fund may suit you if you are seeking a medium to long-term investment exposure to Australian listed small companies, which when first acquired, do not rank in the S&P/ASX 100. Before deciding whether to invest in the Fund, you should consider:

- the likely investment return of the Fund; and
- the risks involved in investing in the Fund.

Airlie Small Companies Fund							
<b>Investment return objective</b>	The primary investment objective of the Fund is to provide long-term capital growth and income through investment in Australian listed small companies.						
<b>Minimum suggested time frame for holding investment</b>	At least five years.						
<b>Asset classes and asset allocation ranges</b>	The Fund's assets are typically invested within the following asset allocation ranges: <table border="1"><thead><tr><th>Asset Class</th><th>Investment Range</th></tr></thead><tbody><tr><td>Australian listed securities</td><td>90% - 100%</td></tr><tr><td>Cash and cash equivalents</td><td>0% - 10%</td></tr></tbody></table>	Asset Class	Investment Range	Australian listed securities	90% - 100%	Cash and cash equivalents	0% - 10%
Asset Class	Investment Range						
Australian listed securities	90% - 100%						
Cash and cash equivalents	0% - 10%						
<b>Investments held</b>	The Fund primarily invests in the securities of Australian listed companies which, when first acquired, do not rank in the S&P/ASX 100, but will also have some exposure to cash and cash equivalents. The Fund may use exchange traded derivatives, in a limited manner, for risk management purposes						
<b>Risk level<sup>1</sup></b>	High to Very High.						
<b>Fund performance</b>	For up-to-date information on the performance of the Fund, including daily unit prices and performance history, please visit <a href="http://www.airliefundsmanagement.com.au">www.airliefundsmanagement.com.au</a>						

<sup>1</sup> The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may expect to meet their objectives.

### Derivatives and other investments

The Fund may use derivatives in limited circumstances. The Fund may use exchange traded derivatives on a temporary basis to gain exposure to the underlying reference assets of those derivatives. The Fund does not intend to engage in short selling or enter securities lending arrangements.

### Borrowing restrictions

The Fund may borrow against all or part of its investment portfolio provided that, at the time any new borrowing is entered into, the aggregate of those new borrowings and any pre-existing borrowings do not exceed 5% of the Fund's gross asset value.

### Changes to the Fund

Magellan has the right to close or terminate the Fund and change the Fund's investment return objective, asset classes and asset allocation ranges and currency strategy (if any), without prior notice in some cases. Magellan will inform investors of any material changes to the Fund's details in our next regular communication or as otherwise required by law.

### Labour standards and environmental, social or ethical considerations

Magellan believes that issues relating to labour standards, and to environmental, social and ethical considerations have the potential to affect the business outcomes of the Fund's investment companies. Accordingly, we review labour standards, and environmental, social and ethical considerations as part of the risk assessment that is completed when we determine the investment grade status of a company. Magellan does not have a pre-determined view about what such consideration may be, does not use extensive external data to validate, nor does it document these considerations.

## 7. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission ("ASIC")** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund's assets as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

Airlie Small Companies Fund		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs<sup>1</sup></b> The fees and costs for managing your investment	0.98% per annum <sup>2,3</sup>	Management fees are calculated monthly based on the Fund's net asset value ("NAV") (before fees) at the end of each month. Estimated fees are reflected in the daily unit price and are payable monthly in arrears from the assets of the Fund.
<b>Performance fees<sup>1</sup></b> Amounts deducted from your investment in relation to the performance of the product	See Additional Explanation of Fees and Costs	Performance fees are 20% of the excess return of the units of the Fund above the S&P/ASX Small Ordinaries Accumulation Index over each Calculation Period. Performance fees are estimated daily and accrued in the unit price. Calculation of the fee is finalised and payable at the end of each Calculation Period from the assets of the Fund.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.01% per annum <sup>3</sup>	Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities and are paid out of the assets of the Fund as and when incurred. This transaction costs amount is net of any amounts recovered by the buy-sell spread (see 'Buy- sell spread' below).
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.25% buy spread <sup>4</sup> 0.25% sell spread <sup>4</sup>	The buy-sell spread is an allowance to cover the transaction costs that arise from investments and withdrawals from the Fund. It represents an additional cost to investors applying and withdrawing directly from the Fund. The entry and exit unit prices for the Fund include an allowance for the buy-sell spread.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup> These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act 2001). For further information refer to "Differential fees" under the heading "Additional Explanation of Fees and Costs" below.

<sup>2</sup> Inclusive of the estimated net effect of Goods and Services Tax ("GST") (i.e. inclusive of GST, less any reduced input tax credits). For more information about GST, see "Management fees and costs" under the heading "Additional Explanation of Fees and Costs".

<sup>3</sup> Management fees and costs and transaction costs have been calculated as a reasonable estimate of such fees and costs for the current financial year.

<sup>4</sup> For further information refer to "Buy and sell spreads" in the "Additional Explanation of Fees and Costs" section of this PDS.

**Warning:** Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.

## Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example <sup>1</sup> - Airlie Small Companies Fund		Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>
<b>Contribution Fees</b>	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS Management fees and costs</b>	0.98% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$490 each year.
<b>PLUS Performance fees</b>	0.00% <sup>3</sup> p.a.	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year.
<b>PLUS Transaction costs</b>	0.01% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$5 in transaction costs.
<b>EQUALS Cost of the Fund</b>	0.99% <sup>4</sup> p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$495<sup>5</sup></b> . <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

<sup>1</sup> This is an example only and does not take into account any movements in the value of an investor's units that may occur over the course of the year or any abnormal costs.

<sup>2</sup> This example assumes the \$5,000 contribution occurs at the end of the first year. Fees and costs are calculated using the \$50,000 balance only.

<sup>3</sup> See "Performance fees" in the "Additional Explanation of Fees and Costs" section below for more details.

<sup>4</sup> Fees and costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional Explanation of Fees and Costs" section below for more details.

<sup>5</sup> Please note that this example does not capture all the fees and costs that may apply to you, such as the buy-sell spread. Please see "Buy and sell spreads" under the heading "Additional Explanation of Fees and Costs".

## Additional Explanation of Fees and Costs

### Management fees and costs

The Fund pays a management fee of 0.98% per annum inclusive of the estimated net effect of GST (i.e. inclusive of GST less any reduced input tax credits) of the Fund's net asset value ("NAV") (before fees) to Magellan for managing the assets of the Fund and overseeing the operations of the Fund. The management fees help cover all ordinary fees, costs, charges, expenses and outgoings that are incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses). Management fees are calculated each Business Day based on the NAV (before fees) of the Fund at the end of each Business Day. Estimated management fees are reflected in the daily unit price of the Fund and are payable at the end of each month.

Under the Fund's Constitution, the Responsible Entity is entitled to receive maximum management fees of 0.95% per annum (excluding GST) of the daily NAV (before fees). The management fees stated in this PDS are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). To the extent the GST impact changes, the actual management fees may vary from the rates stated above.

In addition to the management fee, where the Fund incurs extraordinary expenses and outgoings, the Responsible Entity may pay for these from the Fund's assets. We may pay extraordinary expenses and outgoings from the Fund's assets because, under the Constitution of the Fund, in addition to the management fee, the Responsible Entity is entitled to be indemnified from the assets of the Fund for any liability properly incurred by us in performing properly any of our duties or exercising any of our powers in relation to the Fund or attempting to do so.

### Performance fees

Depending on how well the Fund performs, Magellan may be entitled to a performance fee, paid out of the assets of the Fund. Performance fees are calculated with reference to a performance hurdle. The details of the calculation methodology and the hurdle are set out below.

The daily unit price includes a performance fee accrual equal to the amount that would be payable if it were the end of a Calculation Period.

The initial Calculation Period commenced on 31 March 2023. No performance fee was payable by the Fund at 30 June 2023 and, therefore, the initial Calculation Period was extended by six months to 31 December 2023. There is no effect of this nil performance fee amount on the ongoing performance fee payable by the Fund. The performance fee amounts set out in this section 7 of the PDS have been calculated based on the average performance fees paid by the Fund for the financial year ended 30 June 2023 and do not represent an estimate of the performance fees payable by the Fund for the initial Calculation Period or the current financial year. Past performance is not a reliable indicator of future performance and the actual performance fee paid by the Fund may vary based on the Fund's performance.

**"Calculation Period"** means, with respect to the initial Calculation Period, the period commencing on the date of the first issuance of units, and if the Fund's performance exceeds the performance hurdle on 31 December 2023, Magellan will become entitled to a performance fee and the initial Calculation Period will end on 31 December 2023. Otherwise, the initial Calculation Period will be extended for six months at a time until the Fund's performance exceeds the performance hurdle on either 30 June or 31 December. Subsequent Calculation Periods will be at least six months in length and will be extended similarly by six months at a time until the Fund's performance over the Calculation Period exceeds the performance hurdle on either 30 June or 31 December.

### Calculation Methodology

The Fund's "total return" per unit ("Total Return") is the dollar movement in its unit price (without transaction costs) during the Calculation Period (adjusted for any income or capital distributions and before any accrued performance fees during that Calculation Period). Adjustments will be made for any capital re-organisations such as unit divisions or consolidations.

The Fund's "excess return" per unit ("Excess Return") is its Total Return less the hurdle return. The Fund is subject to an "index relative" performance hurdle, being the S&P / ASX Small Ordinaries Accumulation Index. If this index ceases to be published, we will nominate an equivalent replacement index.

Under the Fund's Constitution, the Performance Fee per unit is 20%<sup>1</sup> of the Excess Return. The total performance fee is the performance fee per unit multiplied by the number of units on issue at the end of the Calculation Period, less the Equalisation Reserve described below.

A performance fee will only be payable if the Fund's Excess Return is positive (i.e. the Fund's Total Return is greater than the hurdle return) at the end of a Calculation Period (or at the end of a notional Calculation Period with respect to withdrawn units as outlined below) and noting that a Calculation Period may be extended for a further six months if the Fund's Excess Return is negative on 30 June or 31 December. Any underperformance by the Fund relative to the performance hurdle will need to be recovered prior to a performance fee becoming payable to Magellan.

It is possible for Magellan to be entitled to a performance fee where the Fund has experienced negative absolute performance over a Calculation Period, provided that the Fund has outperformed the index relative hurdle return over the same period.

<sup>1</sup> The performance fee described in this PDS is inclusive of the estimated net effect of GST (i.e., inclusive of GST, less any reduced input tax credits). To the extent the GST impact changes, the actual performance fees may vary from the rate stated above.

### Equalisation Reserve and units issued during a Calculation Period

Performance fees are paid on the Excess Return of each unit on issue at the end of a Calculation Period, less an equalisation reserve ("Equalisation Reserve"). The effect of the Equalisation Reserve is that we will only receive a performance fee in respect of a specific unit on performance generated after that unit is issued. On each Business Day where there is a creation of units, the Equalisation Reserve is increased by an amount that represents the performance fee per unit calculated immediately prior to the creation of those units multiplied by the number of units created ("Equalisation Adjustment"). If the accrued performance fee per unit on a particular day is nil, there will be no Equalisation Adjustment made to the Equalisation Reserve. The Equalisation Reserve accumulates over a Calculation Period.

The Equalisation Reserve is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- the total of the units created during the Calculation Period multiplied by the prevailing performance fee per unit.

The ceiling on the Equalisation Reserve ensures that Magellan's performance fee entitlement is not less than it would have been had no units been created during the Calculation Period.

The exact impact of the performance fee on a particular investor will depend on the number of new units issued during a Calculation Period, the excess return achieved from the start of the Calculation Period to the date of issue of new units and the subsequent movement in the unit price to the end of the Calculation Period.

### Units withdrawn during a Calculation Period

For units that are withdrawn during the Calculation Period, the day of withdrawal will be treated as the end of the Calculation Period with respect to those units and the performance fee will become payable to us.

The withdrawal proceeds will be net of any performance fees accrued on the day of withdrawal. Any switches will also be treated as if they were withdrawals for the purposes of calculating the performance fees.

### **Transaction costs**

Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. The transaction costs for the Fund are provided in the "Fees and costs summary" above. These are based on a reasonable estimate of the transaction costs for the current financial year and are shown net of any amount recovered by the buy-sell spread that is charged by the Responsible Entity.

The gross and net transaction costs estimated for the Fund are provided in the table below:

Total gross transaction costs (% p.a.)	Recovery through buy/sell spread (% p.a.)	Net transaction costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.05%	0.04%	0.01%	\$5

The amount of such costs will vary from year to year depending on the volume and value of the trading activity in the Fund, and the value of applications and withdrawals processed.

Transaction costs are paid out of the assets of the Fund as and when incurred and are not paid to the Responsible Entity.

Transaction costs are an additional cost to the investor where they have not already been recovered by the buy-sell spread charged by the Responsible Entity.

### **Buy and sell spreads**

A portion of the total transaction costs is recovered from investors entering or exiting the Fund. New investments into the Fund or withdrawals from the Fund will typically cause the Fund to incur transaction costs. So that existing investors do not bear the transaction costs that arise from these investments and withdrawals from the Fund, the entry and exit unit prices include an

allowance to cover these costs (sometimes called the “buy spread” and the “sell spread”). These represent an additional cost to you of investing in the Fund, but it is not a fee paid to Magellan.

The current buy spread is 0.25% and sell spread for the Fund is 0.25%. For example, if you invested \$50,000 in the Fund the cost of the buy spread would be \$125, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$125. We may vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on the Fund’s website at [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au).

#### **Fees for indirect investors**

For investors accessing the Fund through an Investor Directed Portfolio Service (“IDPS”), IDPS-like scheme or a nominee or custody service (collectively referred to as “**master trusts**” or “**wrap accounts**”), additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator. These are not fees paid to Magellan.

#### **Payments to platforms**

Some master trusts, wrap accounts or other investment administration services (“**Platforms**”) charge product access payments fees (as a flat dollar amount each year) for having the Fund included on their investment menus. We may, therefore, pay amounts from the fees we receive to any Platform through which the Fund is made available. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

#### **Financial adviser fees**

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser. Magellan pays no commissions related to your investments to financial advisers.

#### **Differential fees**

A rebate of part of the management fees and performance fees or lower management fees and performance fees may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act 2001. Further information can be obtained by contacting us.

#### **Changes in fees**

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees without your consent, but will provide you with at least 30 days written notice of any fee increase.

#### **Taxation**

Taxation information is set out in section 8 of this PDS.

## **8. Taxation**

**Investing in the Fund is likely to have tax consequences. Before investing in the Fund you are strongly recommended to seek your own professional tax advice about the applicable Australian tax consequences and, if appropriate, foreign tax consequences that may apply to you based on your particular circumstances.**

The taxation information contained in this PDS reflects the Australian income tax legislation in force, and the interpretation of the Australian Taxation Office (“ATO”) and the courts, as at the date of issue of this PDS. Taxation laws are subject to continual change and there are reviews in progress that may impact the taxation of trusts and investors.

#### **AMIT Regime**

The Fund has elected to become an Attribution Managed Investment Trust (“AMIT”). Accordingly, investors will be subject to tax on the income of the Fund that is attributed to them under the AMIT rules each year ending 30 June. If there is income of the Fund that is not attributed to an investor, the Fund will be subject to tax at the highest marginal rate (plus Medicare levy and any temporary budget repair levies) on that non-attributed income. The AMIT rules also allow the Fund to accumulate part or all of the Fund’s income in that Fund, in which case the income of the Fund that is attributed to you (and which must be included in your income tax return) will be more than the total distribution you receive.

Investors will be assessed for tax on their share of the net income and net capital gains generated by the Fund that is attributed to them under the AMIT rules. Investors will receive a tax statement after the end of each financial year (referred to as an AMIT Member Annual Statement) that will provide them with details of the amounts that have been attributed to them by the Fund to assist them in the preparation of their tax return.

If the Fund were to incur a tax loss for a year then the Fund could not attribute that loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to recoup such a loss against taxable income in subsequent income years.

Depending on an investor’s particular circumstances, they may also be liable to pay capital gains tax (or income tax if they hold their units on revenue account) when they withdraw units.

#### **Taxation of non-resident investors**

If a non-resident investor is entitled to taxable income of the Fund, the investor may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Fund in respect of your tax liability.

#### **Taxation reforms**

Reforms to the taxation of funds are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact to their investment.

## **Quoting your Tax File Number (“TFN”) or an Australian Business Number (“ABN”)**

It is not compulsory for investors to quote their TFN, ABN, or exemption details. Should an investor choose to, the TFN/ABN must be provided to the Unit Registry by the last Business Day of the distribution period. However, should an investor choose not to provide TFN/ABN details or provide after this date, the Responsible Entity is required to deduct tax from an investor’s distributions. The withholding tax amount is calculated on the amount attributed to you. Collection of TFNs is permitted by taxation and privacy legislation.

### **GST**

Your investment in the Fund will not be subject to goods and services tax.

### **Foreign Account Tax Compliance Act**

Under the Foreign Account Tax Compliance Act (“**FATCA**”), Magellan is required to collect and report information about certain investors identified as U.S. tax residents or citizens. In order to comply with its FATCA obligations, Magellan may request investors to provide certain information (“**FATCA Information**”).

To the extent that all FATCA Information is obtained, the imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply. Although Magellan attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition of the withholding tax, this outcome is not guaranteed.

Under the terms of the intergovernmental agreement between the US and Australian governments, Magellan may provide FATCA Information to the ATO. Please be aware that Magellan may use an investor’s personal information to comply with FATCA, and may contact an investor if additional information is required.

### **Common Reporting Standard**

The Common Reporting Standard (“**CRS**”) requires Magellan to collect certain information about an investor’s tax residence. If an investor is a tax resident of any country outside Australia, Magellan may be required to pass certain information about the investor (including account-related information) to the ATO. The ATO may then exchange this information with the tax authorities of another jurisdiction or jurisdictions, pursuant to intergovernmental agreements to exchange financial account information.

Although the CRS does not involve any withholding tax obligations, please be aware that Magellan may use an investor’s personal information to comply with the CRS obligations, and may contact an investor if additional information is required. The account opening process cannot be completed until the requested information has been provided.

## **9. Additional information**

### **Additional disclosure information**

The Fund is subject to regular reporting and continuous disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. Investors can also call the Responsible Entity to obtain copies of the following documents, free of charge:

- The Fund’s annual financial report most recently lodged with ASIC;
- Any half year financial report lodged with ASIC; and
- Any continuous disclosure notices the Responsible Entity places online at [www.airliefundsmanagement.com.au](http://www.airliefundsmanagement.com.au) or lodged with ASIC.

### **Fund’s Constitution**

The operation of the Fund is governed under the law and the Constitution of the Fund which addresses matters such as unit pricing, withdrawals and applications, the issue and transfer of units, investor meetings, investors’ rights, the Responsible Entity’s powers to invest, borrow and generally manage the Fund and the Responsible Entity’s fee entitlement and right to be indemnified from the Fund’s assets.

The Constitution states that an investor’s liability is limited to the amount the investor paid for their units, but the courts are yet to determine the effectiveness of provisions of this kind.

The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect investors’ rights. Otherwise, the Responsible Entity must obtain investors’ approval at a meeting of investors. The Responsible Entity may retire or be required to retire as Responsible Entity (if investors vote for its removal). No units may be issued after the 80th anniversary of the date of the Constitution. The Responsible Entity may exercise its right to terminate the Fund earlier. Investors’ rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

Investors can inspect a copy of the Constitution at the Responsible Entity’s head office or the Responsible Entity will provide a copy free of charge.

### **NAV Permitted Discretions Policy**

The Responsible Entity’s NAV Permitted Discretions Policy provides further information about how it calculates unit prices. Investors can request a copy of the policy free of charge by calling the Responsible Entity on +61 2 9235 4888.

### **Classes of Units in the Fund**

Additional unit classes in the Fund may be issued by Magellan in the future with the same or different terms to any existing unit classes of the Fund.

### **Change of details**

From time to time, you may need to advise us of changes relating to your investment. You may advise us by email, fax or mail of changes relating to:

- your mailing address;

- Tax File Number (TFN) / Australian Business Number (ABN);
- your bank account details;
- contact details and communication preferences;
- your licensed financial adviser, if you have nominated one; or
- your election to receive distributions as cash or to reinvest them.

We require your instructions to be signed by the nominated signatory on your account. If you have nominated joint signatories for the account, both should sign notifications of changes in any of your details.

#### **Cooling-off period**

If you are a retail investor, a 14-day “cooling-off period” may apply to your initial investment in the Fund in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then you should immediately notify us. If you exercise your cooling-off rights we will return your money to you. However, the amount you receive will reflect any market movement up or down which means there may be taxation implications for you. The buy-sell spread will also apply to each transaction, as it does for applications and withdrawals. As a result, the amount returned to you may be less than your original investment.

The 14-day cooling-off period starts on the earlier of the date when you receive confirmation of your transaction or the end of the 5th Business Day after the day we issue the units to you. Please note that the cooling-off period will lapse if you transact on your account within the 14 days. Under normal circumstances refunds will be made within 7 Business Days of you notifying us. For more information, please call our Unit Registry on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ).

#### **Complaints resolution**

Should investors have any concerns or complaints, as a first step please contact the Responsible Entity’s Complaints Officer on +61 2 9235 4888 and the Responsible Entity will do its best to resolve this concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (“AFCA”). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

#### **Custodian**

The Northern Trust Company (acting through its Australian branch) (“**Northern Trust**”) has been appointed to hold the assets of the Fund under a Custody Agreement. As Custodian, Northern Trust will safe-keep the assets of the Fund, collect the income of the Fund’s assets and act on the Responsible Entity’s directions to settle the Fund’s trades. Northern Trust does not make investment decisions in respect of the Fund’s assets that it holds.

#### **Unit Registry**

Apex Fund Services Pty Ltd (“**Apex**”) has been appointed as the Unit Registry of the Fund under a Fund Administration Services Agreement.

Contact details for Apex can be found in Section 11 of this PDS.

#### **Consents**

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- Apex Fund Services Pty Ltd; and
- The Northern Trust Company.

Each party named above who has consented to be named in the PDS:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in the PDS (or any statement on which a statement in the PDS is based) other than as specified; and

to the maximum extent permitted by law, takes no responsibility for any part of the PDS other than the reference to their name in a statement included in the PDS with their consent as specified.

#### **Anti-money laundering and counter terrorism financing (AML/CTF)**

Australia’s AML/CTF laws require us to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that we know certain information about investors in the Fund. To meet this legal requirement, we need to collect certain identification information and documentation (“**KYC Documents**”) from you if you are a new investor. We may also ask an existing investor to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications or withdrawals will be delayed or refused if you do not provide the KYC Documents when requested.

Under the AML/CTF laws, we may be required to submit reports to the Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”). This may include the disclosure of your personal information. We may not be able to tell you when this occurs and, as a result, AUSTRAC may require us to deny you (on a temporary or permanent basis) access to your investment.

This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. We are not liable for any loss you may suffer because of compliance with the AML/CTF laws.

## **Privacy policy**

As required by law, the Responsible Entity has adopted a privacy policy that governs the collection, storage, use and disclosure of personal information. This includes using an investor's personal information to manage their investment, process any distributions that may be payable and comply with relevant laws.

For example, an investor's personal information may be used to:

- ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of the Australian Securities and Investments Commission ("ASIC"), the ATO, AUSTRAC, and other regulatory bodies including the requirements of the superannuation law; and
- ensure compliance with the AML/CTF Act, FATCA and with CRS.

As noted in the AML/CTF section above, the processing of applications or withdrawals may be delayed or refused if you do not provide the personal information requested from the Responsible Entity to comply with legal requirements.

The Responsible Entity may be required to disclose some or all of an investor's personal information, for certain purposes (as described under the Privacy Act 1988 (Cth)) to:

- the Fund's service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as the Unit Registry, Custodian or auditor of the Fund; or
- related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration.

The Responsible Entity may also disclose an investor's personal information to:

- market products and services to them; and
- improve customer service by providing their personal details to other external service providers (including companies conducting market research).

If any of the disclosures in the previous bullet points require transfer of an investor's personal information outside of Australia, the investor consents to such transfer. Where Magellan makes an overseas disclosure of personal information, this is likely to be provided to external service providers in offshore locations such as the Philippines and India.

All personal information collected by the Responsible Entity will be collected, used, disclosed and stored by the Responsible Entity in accordance with its privacy policy, a copy of which is available on our website. The privacy policy also contains information about:

- how to access and correct information that the Responsible Entity holds about you; and
- how to make a complaint about a breach of the Australian Privacy Principles.

## **Additional information for New Zealand investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and the regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

## **Direct Debit Request Service Agreement**

This information applies only if you have indicated that you wish for your initial amounts to be paid by direct debit. Please ensure you have provided the details of your financial institution and completed the direct debit request in the relevant sections of the Application Form.

The following is your Direct Debit Service Agreement ("Agreement") with Apex Fund Services Pty Ltd ABN 81 118 902 891 ("Apex Fund Services"), who acts as the Unit Registry of the Fund. The Agreement is designed to explain what your obligations are when undertaking a Direct Debit arrangement with Apex Fund Services. It also details what Apex Fund Services' obligations are to you as your Direct Debit Provider. We recommend you keep this information in a safe place for future reference. It forms part of the terms and conditions of your Direct Debit Request in the relevant sections of the Application Form.

### **Definitions:**

**Account** means the account held at your financial institution from which we are authorised to arrange for funds to be debited

**Agreement** means the Direct Debit Request Service Agreement between you and us

**Banking Day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia

**Debit Day** means the day that payment by you to us is due

**Direct Payment** means a particular transaction where a debit is made

**Direct Debit Request** means the direct debit request in the Application Form

**Us or We** means Apex Fund Services, (the “Debit User”) you have authorised by signing a Direct Debit Request

**You** means the customer who has signed or authorised by other means the Direct Debit Request

**Your financial institution** means the financial institution nominated by you on the Direct Debit Request at which the account is maintained.

## **1. Debiting your Account**

1.1 By signing a direct debit request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.

or

We will only arrange for funds to be debited from your account if we have sent to the address nominated by you in the direct debit request, a billing advice which specifies the amount payable by you to us and when it is due.

1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

## **2. Amendments by Us**

2.1 We may vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days written notice.

## **3. Amendments by You**

3.1 You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen (14) days notification by writing to:

### **Unit Registry**

Apex Fund Services Pty Ltd

GPO BOX 143

Sydney NSW 2001

or

by telephoning us on 1300 127 780 or +61 2 8259 8566 (international) or 0800 787 621 (NZ) during business hours;

or

arranging it through your own financial institution.

## **4. Your Obligations**

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.

4.2 If there are insufficient clear funds in your account to meet a debit payment:

a) you may be charged a fee and/or interest by your financial institution;

b) you may also incur fees or charges imposed or incurred by us; and

c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

4.3 You should check your account statement to verify that the amounts debited from your account are correct.

4.4 If we are liable to pay goods and services tax (“GST”) on a supply made in connection with this agreement, then you agree to pay us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## **5. Dispute**

5.1 If you believe that there has been an error in debiting your account, you should notify us directly on 1300 127 780 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively, you can take it up with your financial institution directly.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

## **6. Accounts**

6.1 You should check:

a) With your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions; and

- b) Your account details which you have provided to us are correct by checking them against a recent account statement; and
- c) With your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

## **7. Confidentiality**

- 7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2 We will only disclose information that we have about you:
  - a) To the extent specifically required by law; or
  - b) For the purposes of this agreement (including disclosing information in connection with any query or claim).

## **8. Notice**

- 8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to:

**Apex Fund Services Pty Ltd**

GPO Box 143

Sydney NSW 2001

- 8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.
- 8.3 Any notice will be deemed to have been received on the third banking day after posting.

## 10. Glossary

Defined terms and other terms used in the PDS	Definition
<b>\$, A\$ or dollar</b>	The lawful currency of Australia.
<b>AFCA</b>	Australian Financial Complaints Authority.
<b>AFS Licence</b>	Australian financial services licence.
<b>AMIT</b>	Attribution Managed Investment Trust.
<b>AML/CTF Act</b>	The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
<b>Application Form</b>	The form for the application for units in the Fund.
<b>Additional Application Form</b>	The form for application for additional units in the Fund.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ATO</b>	Australian Taxation Office.
<b>Business Day(s)</b>	A weekday on which banks are open for business in NSW Australia other than a Saturday, Sunday, or public holiday. For the purposes of calculating Fees and Costs only, Business Day includes a day on which the primary securities exchange for any security that forms part of the Fund's property is open for trading.
<b>Constitution</b>	The constitution of the Fund as amended and supplemented from time to time.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>CRS</b>	Common Reporting Standard.
<b>Custodian</b>	Northern Trust.
<b>Custody Agreement</b>	The custody agreement in respect of the assets of the Fund between the Custodian and the Responsible Entity.
<b>EFT</b>	Electronic Funds Transfer.
<b>FATCA</b>	Foreign Account Tax Compliance Act.
<b>Fees and Costs</b>	The fees and costs of the Fund as described in Section 7 of this PDS.
<b>Fund</b>	Airlie Small Companies Fund.
<b>Fund Administration Services Agreement</b>	The fund administration services agreement in respect of the Fund between the Responsible Entity and the Unit Registry.
<b>GST</b>	Goods and Services Tax.
<b>IDPS</b>	Investor Directed Portfolio Service.
<b>Investment Manager</b>	Magellan Asset Management Limited trading as Airlie Funds Management ABN 31 120 593 946; AFS Licence No. 304 301
<b>NAV</b>	Net asset value.
<b>NAV Permitted Discretions Policy</b>	The Responsible Entity's policy detailing the discretions exercised in the calculation of unit prices.
<b>Northern Trust</b>	The Northern Trust Company (acting through its Australian branch).
<b>PDS</b>	This product disclosure statement as amended or supplemented from time to time.
<b>Responsible Entity</b>	Magellan Asset Management Limited trading as Airlie Funds Management ABN 31 120 593 946; AFS Licence No. 304 301.
<b>Unit Registry</b>	Apex Fund Services Pty Ltd.
<b>Withdrawal Form</b>	The form for withdrawal of units in the Fund.

## 11. Contact details

### **Responsible Entity and Investment Manager**

Magellan Asset Management Limited

Level 36, 25 Martin Place,  
Sydney NSW 2000

T +61 2 9235 4888

E [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

W [www.magellangroup.com.au](http://www.magellangroup.com.au)

### **Unit Registry**

Apex Fund Services

GPO Box 143  
Sydney NSW 2001

T 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ)

F +61 2 9247 2822

E [magellanfunds@apexgroup.com](mailto:magellanfunds@apexgroup.com)

### **Custodian**

The Northern Trust Company

Level 12, 120 Collins Street,  
Melbourne Victoria 3000

T +61 3 9947 9300