

16 July 2018

**Australian Governance & Ethical Index Fund (ASX code: AGM)
Announcement of buyback**

Australian Governance & Ethical Index Fund (**AGM**), a listed managed investment scheme, was established in May 2018 to facilitate a restructure (**Restructure**) of Australian Governance Masters Index Fund Limited (**AQF**). In connection with this Restructure, ASX granted certain waivers of the ASX listing rules on the basis that AGM is a successor entity to AQF.

The previous board of AQF considered it important to implement effective capital management strategies for the benefit of all shareholders and undertook on-market buybacks from time to time when shares traded below the net tangible asset backing per share and where the board considered that it was an appropriate use of AQF's resources. Prior to the Restructure, AQF had in place a program for the buyback of up to 25% of the issued ordinary shares on-market during the 12 month period from 1 December 2017.

Walsh & Company Investments Limited as responsible entity for AGM shares the view of the former board of AQF on the benefits for unitholders in implementing an on-market buyback.

The Corporations Act, as modified in its application to registered managed investment schemes, permits listed trusts to undertake on-market buybacks. Such buybacks are subject to conditions including a requirement for unitholder approval for any buyback in excess of 10% of the smallest number of units on issue in the preceding 12 months.

To ensure that AGM had the flexibility to implement an on-market buyback from listing, the responsible entity sought unitholder approval to buy back up to 10% of the units issued to AQF shareholders as part of the Restructure, now confirmed to be 24,247,481 units. This approval was granted by the sole unitholder of AGM on 26 June 2018 prior to completion of the Restructure when AGM had only 10 units on issue, and is binding on AGM and its unitholders following completion of the Restructure.

The responsible entity has today issued the attached Appendix 3C which relates to the buyback on-market of up to 2,424,748 units from the date and terms set out in the attached Appendix 3C. This buyback will be undertaken in accordance with the requirements of section 601KH(8) of the Corporations Act 2001 (**Act**), as modified in its application to AGM by Legislative Instrument 2016/1159, and in compliance with the provisions of the Act generally.

For further information, please contact:

Fleur Jouault
GRACosway
0405 669 632

Appendix 3C

Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
Australian Governance & Ethical Index Fund	625 826 646

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-market
2	⁺ Class of shares/units which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Ordinary units
3	Voting rights (<i>eg, one for one</i>)	One for one
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid
5	Number of shares/units in the ⁺ class on issue	24,247,481
6	Whether shareholder/unitholder approval is required for buy-back	Unitholder approval was required for the buy-back and was obtained at a general meeting of the sole unitholder on 26 June 2018.
7	Reason for buy-back	Efficient capital management

Appendix 3C Announcement of buy-back

- 8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (*eg, details of any proposed takeover bid*)
- | |
|-----|
| N/A |
|-----|

On-market buy-back

- 9 Name of broker who will act on the company's behalf
- | |
|---|
| Dixon Advisory & Superannuation Services Limited (ABN 54 103 071 665) |
|---|
- 10 Deleted 30/9/2001.
- | |
|--|
| |
|--|
- 11 If the company/trust intends to buy back a maximum number of shares - that number
- Note: This requires a figure to be included, not a percentage.
- | |
|-----------------------|
| Up to 2,424,748 units |
|-----------------------|
- 12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention
- | |
|---|
| The buy-back will commence on 31 July 2018 and will expire on 25 June 2019 unless the maximum number of units are bought back prior to that date or if it is considered no longer in the best interests of unitholders. |
|---|
- 13 If the company/trust intends to buy back shares/units if conditions are met - those conditions
- | |
|-----|
| N/A |
|-----|

Employee share scheme buy-back

- 14 Number of shares proposed to be bought back
- | |
|-----|
| N/A |
|-----|
- 15 Price to be offered for shares
- | |
|-----|
| N/A |
|-----|

[†] See chapter 19 for defined terms.

Selective buy-back

- 16 Name of person or description of class of person whose shares are proposed to be bought back N/A
- 17 Number of shares proposed to be bought back N/A
- 18 Price to be offered for shares N/A

Equal access scheme

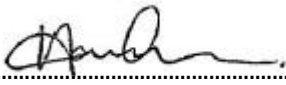
- 19 Percentage of shares proposed to be bought back N/A
- 20 Total number of shares proposed to be bought back if all offers are accepted N/A
- 21 Price to be offered for shares N/A
- 22 ⁺Record date for participation in offer N/A
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  Date: 16 July 2018
(Company secretary)

Print name: Hannah Chan

⁺ See chapter 19 for defined terms.