



**AUSTRALIAN
GOVERNANCE & ETHICAL
Index Fund**

INVESTMENT OBJECTIVE

To achieve long-term capital appreciation, while reducing risk and preserving capital, through investments in securities within the ASX 100 Index that exhibit relatively high levels of governance, social and environmental performance.

PORTFOLIO UPDATE

The Fund experienced a difficult month returning -5.4% on a net asset value basis, however this compared favourably to the broader S&P/ASX 100 Index which returned -5.7% over the same period. Positive contributors included the exclusions of AMP (-23%) and Treasury Wine (-14%), while overweight positions in Newcrest (+6%) and Woolworths (+1%) also benefited performance. AMP continued to make headlines as investors questioned the value set to be received from the proposed sale of the wealth protection business, while several high-growth names experienced retractions amid the market fall.

During the month, a report from the Intergovernmental Panel on Climate Change was released, outlining possible climate change impacts in an environment where temperatures rise between 1.5 and 2 degrees. The report detailed the increased probability of extreme weather events such as droughts, floods and heatwaves which could have far reaching consequences across domestic industries. We continue to evaluate the environmental performance of portfolio companies, and in particular the policies in place to manage and support the transition to a low-carbon economy.

PORTFOLIO MANAGER



Will Hart
Portfolio Manager

NTA per unit \$1.74	Unit price \$1.70	Gross assets \$41.5 MILLION	12 month distribution yield (target) 5.0%	Performance since inception (10 July 2018) ¹ -4.6%
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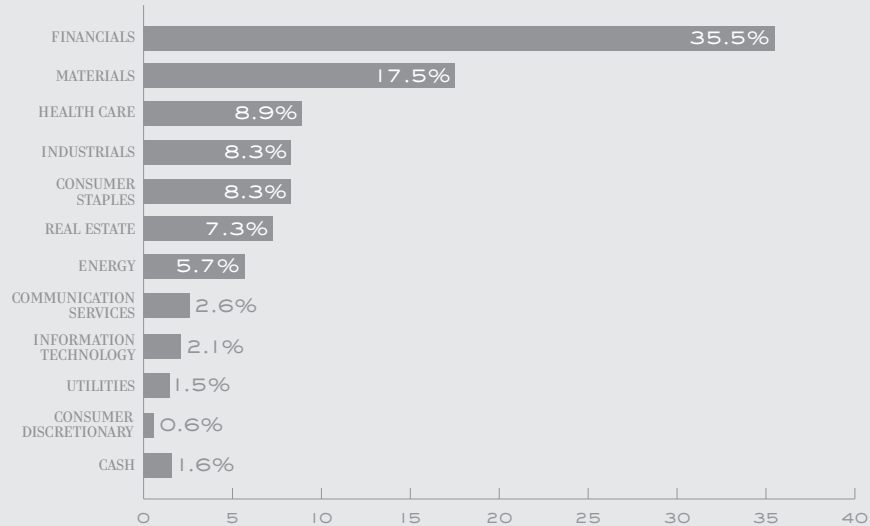
FUND PERFORMANCE¹

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
NTA (%)	-5.4%	-5.4%	-	-	-	-	-4.6%
S&P/ASX 100 Index	-5.7%	-5.8%	-	-	-	-	-5.8%
Excess Return	0.3%	0.3%	-	-	-	-	1.2%

TOP 10 PORTFOLIO HOLDINGS

ANZ Banking Group	FINANCIALS	National Australia Bank Ltd	FINANCIALS
BHP Billiton Ltd	MATERIALS	Wesfarmers Ltd	CONSUMER STAPLES
Commonwealth Bank of Australia	FINANCIALS	Westpac Banking Corp	FINANCIALS
CSL Ltd	HEALTH CARE	Woodside Petroleum Ltd	ENERGY
Macquarie Group Ltd	FINANCIALS	Woolworths Group Ltd	CONSUMER STAPLES

SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

Notes: Data at 31 October 2018 unless stated. Numbers may not sum due to rounding. 1. All returns are total returns, inclusive of reinvested distributions. NTA returns are net of fees and costs. Past performance is not a reliable indicator of future performance. Inception 10 July 2018.



TOP 10 EXCLUSIONS

The following are the largest companies excluded from the investment portfolio due to relative governance, social, and environmental performance.

AGL Energy Ltd	UTILITIES	Fortescue Metals Group Ltd	MATERIALS
Amcor Ltd	MATERIALS	Goodman Group	REAL ESTATE
AMP Ltd	FINANCIALS	Ramsay Health Care Ltd	HEALTH CARE
Aristocrat Leisure Ltd	CONSUMER DISCRETIONARY	Tabcorp Holdings Ltd	CONSUMER DISCRETIONARY
Coca-Cola Amatil Ltd	CONSUMER STAPLES	Treasury Wine Estates	CONSUMER STAPLES



PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
Commonwealth Bank of Australia	8.68	Computershare Ltd	1.27	Oil Search Ltd	0.72
BHP Billiton Ltd	7.10	APA Group	1.26	Sonic Healthcare Ltd	0.68
Westpac Banking Corporation	6.48	Sydney Airport	1.17	Qantas Airways Ltd	0.66
CSL Limited	6.46	Insurance Australia Group Ltd	1.10	GPT Group	0.66
ANZ Banking Group Ltd	5.27	QBE Insurance	1.09	Alumina Ltd	0.63
National Australia Bank Ltd	4.83	Unibail-Rodamco-Westfield	0.94	Reliance Worldwide Corporation	0.62
Wesfarmers Limited	4.31	Origin Energy Ltd	0.90	Vicinity Centres	0.60
Woolworths Group Ltd	3.12	Resmed Inc	0.89	Aurizon Holdings Ltd	0.58
Macquarie Group Ltd	2.86	a2 Milk Company Ltd	0.87	Xero Limited	0.57
Woodside Petroleum Ltd	2.76	Santos Limited	0.83	Mirvac Group	0.57
Telstra Corporation Ltd	2.57	Stockland	0.83	CYBG PLC	0.56
Rio Tinto Ltd	2.22	James Hardie Industries	0.82	Caltex Australia Ltd	0.54
Transurban Group Ltd	2.07	ASX Ltd	0.80	Boral Ltd	0.46
Scentre Group	1.79	Medibank Private Ltd	0.79	Incitec Pivot Ltd	0.46
Newcrest Mining Ltd	1.50	Lendlease Group	0.73	Outside top 50	7.53
Brambles Ltd	1.46	Bluescope Steel	0.73	Cash	1.61
South32 Ltd	1.31	Dexus	0.73		
Suncorp Group Ltd	1.28	Cochlear Ltd	0.72		

Notes: Data as at 31 October 2018 unless stated. Numbers may not sum due to rounding.





ABOUT WALSH & COMPANY

Walsh & Company, part of the Evans Dixon Group, is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments. It provides access to unique investment strategies not readily accessible to investors and focuses on building high-quality, diversified portfolios.

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IMPORTANT INFORMATION

This report has been prepared by Walsh & Company Asset Management Pty Limited (**Investment Manager**) (ACN 159 902 708, AFSL 450 257) as investment manager for the Australian Governance & Ethical Index Fund (**Fund**) (ARSN 625 826 646).

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Past performance of the Fund is not a reliable indicator of the future performance of the Fund.

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