

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 Australian Governance & Ethical Index Fund's recent positive performance continued, returning 2.1% for the month of May, broadly in line with the ASX 100 index.

Positive contributors included overweight positions in mining companies Rio Tinto (+5.2%) and Iluka Resources (+12.7%), while the exclusion of Treasury Wine Estates (-12.5%) also benefited performance. Negative contributors included overweight positions in Macquarie Group (-8.0%) and the A2 Milk company (-8.0%) as each company retraced recent gains.

Whilst domestically a lack of policy certainty on climate change seems assured following the conclusion of the recent federal election, international policy developments continue to gather pace with the UK government's Committee on Climate Change (CCC) delivering a recommendation to set a legally binding target to cut greenhouse gas emissions to zero by 2050. The recommendations provide a potential roadmap for the decarbonisation of the economy and highlight the structural challenges facing traditional fossil fuel businesses. CCC proposals include limiting connections of new homes to gas supply by 2025, and a ban on petrol and diesel car sales by 2035.

PORTFOLIO MANAGER



Will Hart
Portfolio Manager

NTA per unit \$1.92	Unit price (AGM) \$1.88	Gross assets \$42.5 MILLION	12-month distribution yield (target) 5.0%	Performance since inception (10 July 2018) ¹ 8.0%
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FUND PERFORMANCE¹

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
NTA (%)	2.1%	5.3%	16.0%	-	-	-	8.0%
S&P/ASX 100 Index	2.1%	5.3%	15.9%	-	-	-	6.6%
Excess Return	-0.1%	0.0%	0.0%	-	-	-	1.3%

Note: Numbers may not sum due to rounding.

LARGEST ACTIVE POSITIONS

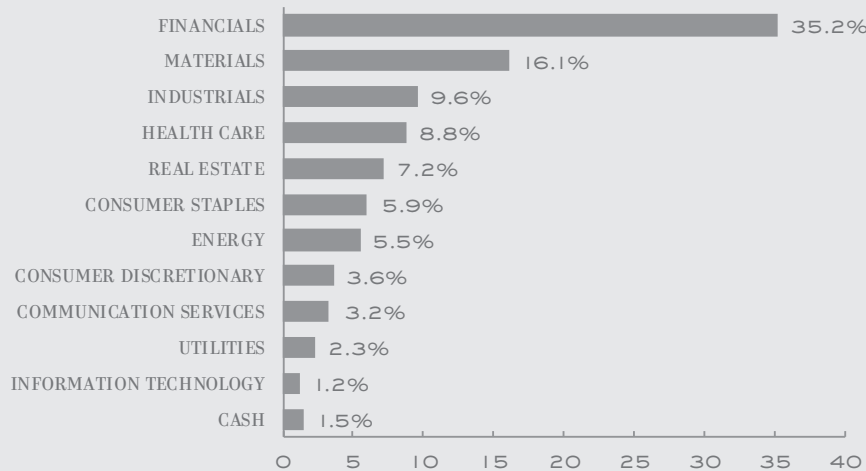
TOP 10 OVERWEIGHT²

A2 Milk Co Ltd	Newcrest Mining Ltd
Cleanaway Waste Management	Oz Minerals Ltd
CSL Ltd	Rio Tinto Ltd
Iluka Resources Ltd	Woodside Petroleum Ltd
Macquarie Group Ltd	Worleyparsons Ltd

TOP 10 UNDERWEIGHT²

AGL Energy Ltd	Origin Energy Ltd
Amcor Limited	Santos Ltd
Aristocrat Leisure Ltd	Sonic Healthcare Ltd
BHP Group Ltd	South32 Ltd
Goodman Group	Treasury Wine Estates Ltd

SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

Notes: Data at 31 May 2019 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. 2. Overweight and underweight positions are relative to S&P/ASX 100 Index weights. Inception 10 July 2018.



PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
Commonwealth Bank of Australia	8.90%	Oz Minerals Ltd	1.24%	Aurizon Holdings Ltd	0.68%
CSL Limited	6.98%	Cleanaway Waste Management Ltd	1.21%	Oil Search Ltd	0.62%
Westpac Banking Corporation	6.06%	James Hardie Industries	1.20%	Spark Infrastructure	0.61%
Rio Tinto Ltd	5.52%	WorleyParsons Ltd	1.17%	Medibank Private	0.60%
ANZ Banking Group Ltd	5.19%	Insurance Australia Group Ltd	1.17%	Ramsay Health Care Ltd	0.60%
National Australia Bank Ltd	4.65%	Mirvac Group	1.14%	Computershare Ltd	0.55%
Macquarie Group Ltd	3.52%	Suncorp Group Ltd	1.11%	Lendlease Group	0.55%
Woolworths Group Ltd	3.36%	Alumina Ltd	1.06%	Vicinity Centres	0.55%
Woodside Petroleum Ltd	3.24%	Iluka Resources	1.05%	Orica Ltd	0.51%
Wesfarmers Ltd	2.98%	QBE Insurance	1.05%	SEEK Ltd	0.48%
Telstra Corporation Ltd	2.79%	Unibail-Rodamco-Westfield	1.02%	Caltex Australia Ltd	0.45%
Transurban Group Ltd	2.39%	ASX Ltd	0.97%	JB HI-FI Ltd	0.45%
Newcrest Mining Ltd	2.13%	Coles Group Ltd	0.93%	Xero Ltd	0.42%
Brambles Ltd	1.75%	Fortescue Metals	0.91%	Boral Ltd	0.42%
Sydney Airport	1.59%	Dexus	0.86%	Outside top 50	7.28%
A2 Milk Co Ltd	1.59%	Cochlear Ltd	0.76%	Cash	1.55%
APA Group	1.48%	Stockland	0.71%		
Scentre Group Ltd	1.33%	GPT Group	0.68%		

Notes: Data as at 31 May 2019 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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