

Appendix 4E

Annual Financial Report For the year ended 30 June 2019

Name of entity

Australian Governance & Ethical Index Fund

ARSN

Reporting Period

625 826 646

10 May 2018 to 30 June 2019

This is the inaugural annual report prepared for the Fund since registration on 10 May 2018

Results for announcement to the market

	30-Jun-19
Total net investment income ("revenue from ordinary activities")	\$4,865,167
Net operating profit for the year ("profit from ordinary activities after tax attributable to unitholders")	\$4,752,253
Total comprehensive income ("net profit for the period attributable to unitholders")	\$4,752,253

Commentary on results

Refer to attached Annual Report and Financial Statements including the Chairman's Letter and Investment Manager's Report. Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements.

Distributions

	Amount per security
Maiden 2018 Distribution (paid on 31 August 2018)	4.5 cents
Interim 2019 Distribution (paid on 4 February 2019)	4.5 cents
Final 2019 Distribution (paid on 2 August 2019)	4.5 cents
Total Distribution	13.5 cents

Final 2019 Distribution dates:

Ex- Distribution date:	Thursday, 27 June 2019
Record date:	Friday, 28 June 2019
Payment date:	Friday, 2 August 2019

The Fund currently operated a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution reinvested in new units.

Net tangible assets per unit

30/06/2019 \$1.95

Earnings per unit

	30-Jun-19
Basic earnings per unit	23.65 cents
Diluted earnings per unit	23.65 cents

Financial Report

This report is based on the 30 June 2019 Annual Report and has been audited by KPMG.



**AUSTRALIAN
GOVERNANCE & ETHICAL**
Index Fund

ANNUAL REPORT

**For the period from 10 May 2018
(date of registration) to 30 June 2019**

RESPONSIBLE ENTITY:

WALSH & COMPANY

INVESTMENTS LIMITED

(ACN 152 367 649 | AFSL 410 433)

INVESTMENT MANAGER:

WALSH & COMPANY ASSET
MANAGEMENT PTY LIMITED

(ACN 159 902 708 | AFSL 450 257)

Australian Governance & Ethical Index Fund

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Australian Governance & Ethical Index Fund

Chairman's letter

30 June 2019

Welcome to the annual report for the Australian Governance & Ethical Fund (**Fund** or **AGM**) for the period ending 30 June 2019.

Successful completion of first year under new structure

AGM was established in July 2018 following approval from unitholders to restructure the previous entity, the Australian Governance Masters Index Fund Limited (**AQF**), from a listed investment company to a listed investment trust (**Restructure**). In doing so, we extended the strategy's existing focus on corporate governance to incorporate both ethical and social considerations in portfolio construction.

Pleasingly for unitholders, the Fund outpaced domestic markets during a turbulent year, returning 12.2% on a NAV basis and outperforming the Index by 1.3% since the Fund's inception in early July 2018.

We are pleased to have delivered a strong performance in the first full year under the new strategy, designed to provide investors with exposure to a diversified portfolio of large capitalisation domestic companies with strong corporate governance frameworks, a commitment to undertaking sustainable operating practices, and a dedication to broader corporate social responsibility.

Capital management and distributions

The new strategy also aimed to improve the Fund's capital management and distribution profile, and over the last year, the Investment Manager has taken an active approach to this.

The Fund targets a cash distribution of 5.0% per annum based on Net Asset Value (**NAV**) (**Target Distribution**), paid semi-annually. Consistent with this, AGM announced distributions of 4.5 cents per ordinary unit for the periods ending 31 December 2018 (Interim) and 30 June 2019 (Final), along with a Special distribution of 4.5 cents per ordinary unit announced following the Restructure and paid on 31 August 2018.

In keeping with the policy of the Fund's Responsible Entity, Walsh & Company Investments Limited, to manage the capital and trading liquidity of the Fund throughout the year, the Fund conducted a buyback of approximately 12% of total shares. The buyback was conducted under the Fund's buyback program, approved by shareholders at the 14 November 2018 Annual General Meeting.

Portfolio update and market conditions

Despite a somewhat challenging economic backdrop and a subdued outlook for the Australian economy, markets have been positive with the S&P/ASX 100 Accumulation Index (**Index**) returning 10.9% since the Fund's inception in July 2018 to 30 June 2019. Over the period the Fund returned 12.2% on a net asset value (**NAV**) basis, outperforming the market by 1.3%.

We have continued to maintain a focus on the long term, and on those companies that exhibit the attributes we value most: diverse and capable board and management teams; well-aligned and structured incentive schemes; fair and equitable treatment of staff and customers; cognisance of the social and environmental impact of operations; and most importantly, an overarching commitment to transparency. While difficult to analyse and quantify, we believe these factors are critical to generating sustainable, long-term returns and accordingly, remain confident in our ability to identify leaders within each industry.

The Fund's performance was a result of our ardent approach to capital management and governance frameworks following the Restructure – an expression of our commitment to skillfully identifying the best possible opportunities for investors. After a successful year, we would like to thank you for your continued support and look forward to communicating with you in future about our performance.

Yours faithfully,



Alex MacLachlan
Chairman

Market review

It was a tale of two halves for domestic markets in FY19, as the Index returned 12.6% for the full financial year – with an exceptionally strong second half reversing a marked first half decline. The second half was helped by improving investor sentiment following an about-face from global central banks, the Coalition's surprise win in the Federal election, and a confluence of macro and stock-specific factors supporting the index-heavy mining companies.

While stock prices have surged, the economic backdrop does appear somewhat troublesome; the 10-year bond yield is now at record lows having fallen 1.3% over the year, while the subdued outlook for the economy led to a reduction of the cash rate to 1.25% in FY19 (reduced further to 1.00% at the time of writing). Given high levels of household indebtedness and waning consumer confidence, it is difficult to see the lower cash rate providing meaningful stimulus to the domestic economy. Noting the minimal spread to the zero bound for cash rates, this potentially opens the door to both fiscal and unconventional monetary policy in future.

Corporate governance remains our key focus

With the Financial Services Royal Commission in the spotlight, corporate governance was at the forefront of investor minds throughout the year. While AMP and IOOF (both exclusions from the investment portfolio) bore the brunt of the Royal Commission with the harshest criticism received by board and senior management, remuneration reports and director accountability also became a flashpoint with investors. A record number of companies received "strikes" in relation to remuneration policies (more than 25% of votes received against a remuneration report) with notable ASX 100 companies impacted including National Australia Bank, Westpac, ANZ, AMP, Goodman Group, Healthscope, Harvey Norman, Tabcorp and Telstra. Going forward increasing scrutiny by regulators and investors are likely to keep these issues relevant and pertinent to market prices.

It was notable that the Commonwealth Bank of Australia (**CBA**), despite its recent high-profile issues, received strong support from investors for its remuneration policy and the re-election of key directors. While much of CBA's historic behaviour and internal culture has drawn criticism, we do believe CBA is starting to make improvements to its corporate governance structures particularly through the re-aligning of remuneration policies, reductions in conflicts through business simplification and a refreshing acknowledgment of key deficits in corporate culture. The initiatives being undertaken are encouraging, and as such we are comfortable maintaining a portfolio holding in the company.

The future of fossil fuels

Despite domestic uncertainty, considerable news was released globally over the year regarding key developments in the longer-term structural shift away from traditional hydrocarbon-based fuels – a theme represented in the portfolio through our exclusion of coal exposed businesses. Domestic insurance giant QBE became the 11th insurer globally to announce that it would cease underwriting new coal projects from 1 July 2019 and that it would phase out its entire thermal coal insurance business by 2030 – with competitor Suncorp making a similar announcement post year-end. These announcements followed investment bank UBS, which said it would cease offering project finance for new coal projects, and diversified miner Glencore, which announced a cap on coal production following rising investor pressure.

While many of these developments have been driven by pressure from investors and a desire to reduce the environmental impact of operations, much of this is being driven by economics. Clean energy researcher Bloomberg New Energy Finance (**BNEF**) noted that solar and wind are today cheaper sources of new generation than fossil fuels for two thirds of the world's population. While there are intermittency, reliability and technical issues that need to be addressed in incorporating renewables into the energy grid, the continued decline in the cost of battery storage (BNEF estimates that costs have fallen by approximately 75% since 2012), as well as relatively low efficiency rates of silicon-based solar cells, and the relative infancy of the renewables supply chain all provide significant room for further improvements, while still remaining cost competitive with traditional energy sources.

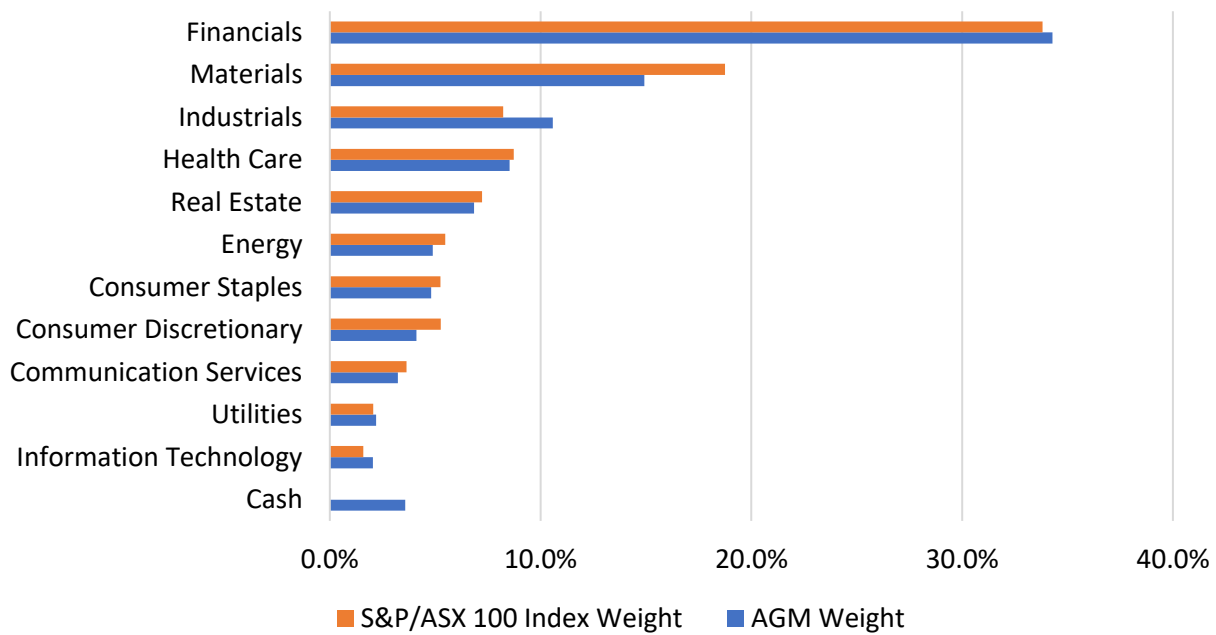
The confluence of these global economic and policy developments has become somewhat evident in the behaviour of certain corporates. Domestic investment company Wesfarmers – having completed the sale of its coal investments earlier in the year – disclosed a number of potential acquisitions in the rare earths space (critical components of 'green' technology such as wind farms and battery electric vehicles), announcing bids for both Kidman Resources and Lynas Corporation. Royal Dutch

Australian Governance & Ethical Index Fund
Investment Manager's report
30 June 2019

Shell, one of the world’s largest oil and gas companies, announced a strategic goal to eventually become one of the world’s largest electricity producers – noting that due to the drive to de-carbonise, end customers will “only be using electricity” in the future. Domestic utility AGL Energy also sought to bid for telecommunications business Vocus in a move to diversify its business offering. This would appear reflective of longer-term pricing challenges in domestic electricity markets, with pressure not only from political sources but also from the decentralisation of energy systems through declining costs of rooftop solar and behind-the-meter battery systems.

Portfolio positioning

AGM sector exposure relative to benchmark



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Investment Manager's report
30 June 2019

AGM's largest positions relative to benchmark

Top 10 overweight	Top 10 underweight
Cleanaway Waste Management Ltd	AGL Energy Ltd
CSL Limited	Amcor Limited
Iluka Resources	Aristocrat Leisure Ltd
Macquarie Group Ltd	BHP Group Ltd
Oz Minerals Ltd	Fortescue Metals
Reliance Worldwide Corporation	Goodman Group
Rio Tinto Ltd	Origin Energy Ltd
SEEK Ltd	Santos Ltd
Unibail-Rodamco-Westfield	Sonic Healthcare Ltd
WorleyParsons Ltd	South32 Ltd

Note: Companies listed alphabetically

As at 30 June 2019 the portfolio was invested in 73 companies and held 3.6% cash.

Strong performance amid volatile markets

The Fund returned 12.2% on a NAV basis, outperforming the Index by 1.3% since the Fund's inception in early July 2018. The largest contributor to relative performance included an overweight position in Rio Tinto (+35%), which surged on the back of supply disruptions to iron ore markets in Brazil. While the exclusion of the other domestic major iron ore miner, BHP Group (+33%), negatively impacted relative performance, we continue to prefer Rio due to its lack of fossil fuel exposure (notably thermal and coking coal) and believe its lower-emissions aluminium production provides a strong strategic advantage in a carbon-constrained world. Other contributors to performance include overweight positions in industrials companies leveraged to the circular economy including Brambles (+49%) and waste management giant Cleanaway (+40%).

The exclusions of both AMP (-38%) and IOOF (-38%), as discussed earlier, were positive for relative portfolio performance over the year. While AMP, in particular, saw significant board and management turnover, with both a new CEO and Chair installed, we believe a number of risks remain that are difficult to appropriately analyse and quantify given the complexity of inter-segment transactions and financial reporting across the operating businesses. While requiring significant qualitative judgement, much of our portfolio performance has been predicated on our ability to avoid companies with complex financial accounting, a factor that differentiates our strategy from many other index focused ESG funds in the market.

Key detractors from performance primarily came from the real estate sector, with an overweight position in Unibail-Rodamco-Westfield (-27%) and the exclusion of industrial giant Goodman Group (+60%) impacting performance. The performance of Goodman Group is notable, with the company excluded from the portfolio on our assessment of its performance according to a number of key corporate governance pillars. While we continue to believe the market is extrapolating development earnings that are somewhat inflated via the use of underlying accounting metrics, what we have underappreciated is the structural factors impacting the industrial sector and, in particular, the strategic importance of logistics in online retail given the convenience-based proposition. While we partially offset some of this underweight portfolio exposure to the industrial sector by holding an overweight position in diversified real estate group Mirvac (+46%), going forward it is important that we continue to evolve our thinking around how we construct the portfolio to ensure we are isolating the environmental, social and governance performance of each business – drivers we believe will ultimately lead to superior returns to unitholders over the longer term.

A rising focus on waste

While the carbon footprint of operations (as measured via scope 1–3 emissions) has traditionally been seen as a measure of environmental sustainability, an area of increasing focus for us has been understanding the product lifecycle of the goods

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30 June 2019

produced by our portfolio companies – with a key focus on plastics given their lack of bio-degradability. While some plastic can have enormous social benefits (for example in healthcare, food preservation and light weighting), much of the plastic produced is single use in nature (approximately one third of the three hundred million tonnes produced globally each year). As such, we believe understanding the opportunities and costs associated with a *reduce, reuse, recycle* framework will be important in identifying both longer-term winners and losers in the drive to sustainability.

Australian Governance & Ethical Index Fund
Corporate Governance Statement
30 June 2019

Australian Governance & Ethical Index Fund (**Fund**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by Walsh & Company Investments Limited (**Responsible Entity**) and Walsh & Company Asset Management Pty Limited (**Investment Manager**), respectively, in accordance with the constitution of the Fund and the investment management agreement.

The directors of the Responsible Entity (**Board**) and the Investment Manager's directors and senior management recognise the importance of good corporate governance. The Fund's corporate governance charter, which incorporates the Fund's policies referred to below (**Corporate Governance Charter**), is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website governanceandethicalfund.com.au.

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX *Corporate Governance Principles and Recommendations* (**ASX Recommendations**) are set out below. All these practices, unless otherwise stated, were in place for the entire year.

1. Lay solid foundations for management and oversight

Board roles and responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Fund. This involves undertaking the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;
- ensuring compliance with the Fund's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)*;
- overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund; and
- communication with and protecting the rights and interests of all unitholders.

The Board has established a formal policy, specified in Section 2 of the Corporate Governance Charter, which sets out its functions and responsibilities. A review of the policy is conducted annually.

2. Structure the Board to add value

Composition of the Board

The Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director in office during the reporting period are given in the Directors' Report, including the

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Corporate Governance Statement
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years in office, skills, experience, and expertise relevant to the position of director.

The directors of the Responsible Entity during the reporting period were:

- **Mr Alex MacLachlan**
- **Mr Warwick Keneally**
- **Mr Mike Adams** (appointment effective 9 July 2018)
- **Mr Tristan O'Connell** (resigned as a director of the Responsible Entity effective 9 July 2018).

Having regard to the size of the Fund and the nature of its business, the Board has determined that a board with three members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The current Board is not independent. The Board however has established a Compliance Committee with a majority of independent members who are responsible for:

- monitoring the extent to which the Responsible Entity complies with the Fund's relevant regulations, compliance plan that has been lodged with the Australian Securities and Investments Commission (**ASIC**) (**Compliance Plan**), constitution and report the findings to the Board;
- reporting to ASIC if the Compliance Committee is of the view that the Responsible Entity has not complied with the Compliance Plan or any relevant laws;
- assessing at regular intervals whether the Fund's Compliance Plan is adequate; and
- making recommendations to the Responsible Entity about any changes that the Compliance Committee considers should be made to the Compliance Plan.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Fund, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Fund and, if required, may establish committees to assist it in carrying out its functions. At that time, the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non- executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

3. Act ethically and responsibly

Code of conduct

The Board has adopted a Code of Conduct, as specified in Section 5 of the Corporate Governance Charter, to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and the law. The Code of Conduct is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

Unit trading policy

The Board has established a Unit Trading Policy, as specified in Section 6 of the Corporate Governance Charter, which applies to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity.

The Policy imposes restrictions and notification requirements, including the imposition of discretionary blackout periods,

Australian Governance & Ethical Index Fund
Corporate Governance Statement
30 June 2019

trading windows and the need to obtain pre-trade approval.

Insider trading policy

The Board has adopted an Insider Trading Policy, as specified in Section 7 of the Corporate Governance Charter, to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity. All directors, executives and employees of the Responsible Entity must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy (see Section 6 of the Corporate Governance Charter) sets out additional restrictions which apply to directors and executives of the Responsible Entity.

4. Safeguard integrity in corporate reporting

Compliance Committee

As a registered managed investment scheme, the Fund has a Compliance Plan. The Compliance Plan is reviewed comprehensively every year to ensure that the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations, its Compliance Plan and its constitution. The Compliance Committee meets and reports to the Board on a quarterly basis.

The Compliance Committee is structured with three members, the majority of which are independent. Details of the Compliance Committee members are as follows:

Mike Adams (internal member)

Refer to information on directors (page 12).

Barry Sechos (independent member)

Barry is one of two independent members of the Compliance Committee. Barry is a member of the compliance committee for the New Energy Solar Fund, the Evans & Partners Global Disruption Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Evans & Partners Global Flagship Fund, the Evans & Partners Asia Fund, the Evans & Partners Australian Flagship Fund, the Venture Capital Opportunities Fund and the US Masters Residential Property Fund.

Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group of companies. Barry has 30 years' experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allens (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Concentrated Leaders Fund Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

Michael Britton (independent member)

Michael is one of two independent members of the Compliance Committee. He is a member of the compliance committee for the New Energy Solar Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Evans & Partners Asia Fund, the Evans & Partners Global Flagship Fund, the Evans & Partners Australian Flagship Fund, the Venture Capital Opportunities Fund and the Evans & Partners Global Disruption Fund. He is also an independent member of Compliance Committees for NorthWest Australia (Scheme 2), Angas Asset Management Fund, Angas Prime and Angas Direct. Michael has over 35 years of commercial and financial services experience, initially with Boral Limited and culminating in 12 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) (**The Trust Company**) where he established the company's reputation as a leader in the delivery of

Australian Governance & Ethical Index Fund
Corporate Governance Statement
30 June 2019

independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager (as recognised by ASIC), a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the boards of the now unlisted Westfield Corporation Limited and Westfield America Management Limited (following Unibail Rodamco absorbing the Westfield offshore Shopping Malls). He is an independent director of the unlisted Knights Capital Group Limited, a Perth-based investor and property manager. He is the sole independent director of three special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries and is also a panel member for the Australian Financial Complaints Authority (formerly Financial Ombudsman Services Limited).

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

The Board, having considered their overall responsibilities, the size and structure of the Fund and other duties performed by the Compliance Committee, does not consider it appropriate, at this time, to establish an audit committee.

5. Making timely and balanced disclosure

The Board is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001 (Cth)* and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy (as specified in Section 4 of the Corporate Governance Charter) to ensure the Fund complies with its continuous disclosure requirements. This policy is administered by the Board and monitored by the Compliance Committee.

6. Respect the rights of unitholders

Rights of unitholders

The Fund promotes effective communication with unitholders. The Board has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with unitholders. Each unitholder is also provided online access to Boardroom Pty Limited (**Registry**) to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. Information is communicated through announcements to the ASX, releases to the media and the dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically. Copies of all ASX announcements are linked to the Fund's website.

These include:

- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- occasional ASX announcements made to comply with the Fund's continuous disclosure requirements; and
- occasional correspondence sent to unitholders on matters of significance to the Fund.

The Board encourages full participation of unitholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Unitholders who are unable to attend the general meeting are given the opportunity

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Corporate Governance Statement
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to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

7. Recognise and manage risk

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters as this responsibility will be undertaken by the Compliance Committee. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes the Board conducts an annual review of its risk management framework to satisfy itself that the framework continues to be sound. A review of the risk management framework took place for the reporting period.

The Responsible Entity provides declarations required by Section 295A of the *Corporations Act 2001 (Cth)* for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Australian Accounting Standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

Details of the Fund's financial risk management are set out in the notes to the financial statements in the annual report. The Fund does not have any material exposure to economic, environmental and social sustainability risks.

8. Remunerate fairly and responsibly

Remuneration policy

There is no remuneration paid directly to the directors as they are remunerated by the Responsible Entity. In accordance with the Fund's constitution, the Responsible Entity is entitled to a management fee for services rendered. Details of the Fund's related party transactions are disclosed in the notes to financial statements within the annual report. The Fund's constitution is available to unitholders on the Fund's website.

Australian Governance & Ethical Index Fund

Directors' report

30 June 2019

The directors of Walsh & Company Investments Limited, the Responsible Entity of Australian Governance & Ethical Index Fund (the **Fund** or **AGM**) present their report on the Fund for the period from 10 May 2018 to 30 June 2019.

Directors

The directors of the Responsible Entity at any time during or since the end of the financial period are listed below:

Alex MacLachlan	
Warwick Keneally	
Mike Adams	Appointed 9 July 2018
Tristan O'Connell	Resigned 9 July 2018

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Information on directors

Alex MacLachlan

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. From funds under management of under \$100 million at the time of his start, Alex has grown Walsh & Company Group to over \$6 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy. Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

Warwick Keneally

Warwick is Interim Chief Financial Officer and Company Secretary of Evans Dixon Limited and Head of Finance at Walsh & Company, the Funds Management division of Evans Dixon Limited. Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

Mike Adams

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others. Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high-net-worth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities. Mike was appointed to the Board of Walsh & Company Investments Limited on 9 July 2018.

Mike is also a director with Barnett Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

Tristan O'Connell

Tristan was Group Chief Financial Officer and Company Secretary for Evans Dixon Limited until 8 July 2019 and was Director of Walsh & Company Investments Limited until 9 July 2018.

Australian Governance & Ethical Index Fund
Directors' report
30 June 2019

Tristan has Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is Fellow of the Financial Services Institute of Australasia.

Principal activities

The Fund is a registered managed investment scheme structured as a closed end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange (**ASX**) (ticker code: **AGM**). It was registered on 10 May 2018. The registered office and principal place of business of the Responsible Entity of the Fund is located at Level 15, 100 Pacific Highway, North Sydney, NSW, 2060.

The Fund was established as part of a strategy to restructure Australian Governance Masters Index Fund Limited (**AQF**) from a listed investment company to a newly established listed investment trust (**Restructure**). On 9 July 2018, the effective date of the Restructure, net assets of AQF were transferred to the Fund and in exchange fully paid ordinary units were issued from the Fund to shareholders of AQF for every ordinary share they held in AQF. The issue price for these units was at \$1.87 per unit.

The principal activity of the Fund during the financial period was to provide investors with long term capital appreciation, while reducing risk and preserving capital, through investments in securities within the S&P/ASX100 Index that exhibit relatively high levels of governance, social and environmental performance.

There were no significant changes in the nature of this activity during the period.

Review of Financial Results and Operations

a) Financial results for the period

The performance of the Fund, as represented by the results of its operations since registration 10 May 2018 to 30 June 2019, was as follows:

	2019
Results	
Total investment income (\$)	4,865,167
Total expenses (\$)	<u>(112,914)</u>
Net profit (\$)	<u><u>4,752,253</u></u>
Distributions	
Cash distributions - cents per unit	13.50
Total cash distribution (\$)	3,128,614
Net Asset Value	
Net Asset Value Per Unit (ex-distribution) - \$ per unit	1.95

b) Performance returns

The performance returns shown in the table below are for the period from inception on 10 May 2018 to 30 June 2019, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions. The returns are calculated monthly and compounded to produce longer period returns.

Australian Governance & Ethical Index Fund
Directors' report
30 June 2019

	30 June 2019 %
Performance	
Growth return (i)	4.20
Distribution return (ii)	<u>8.00</u>
Total return (iii)	<u><u>12.20</u></u>

(i) The Growth return is calculated as a percentage by dividing the end of period net asset value per unit by the net asset value per unit at the start of the period minus 1.

(ii) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(iii) The Total return is calculated as a percentage by dividing the end of period net asset value per unit (cum-distribution) by the net asset value per unit at the start of the period minus 1.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the financial period.

Future developments and expected results of operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future, however, the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Options

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

Indemnity and insurance

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial period, for all of the directors of the Responsible Entity of the Fund. The contract of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for the auditor of the Fund.

Environmental regulation

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Interests held by the Responsible Entity and Directors

The number of units in the Fund held by the Responsible Entity, their related parties and Directors at the date of this report are disclosed in note 14 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the financial period is disclosed in note 11 of the financial statements.

The values of the Fund's assets are disclosed on the Statement of Financial Position and derived using the basis set out in note 3 of the financial statements.

Fees paid to the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund assets during the financial period are disclosed in note 14 to the financial statements.

Australian Governance & Ethical Index Fund
Directors' report
30 June 2019

No fees were paid out of Fund assets to the Directors of the Responsible Entity during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

27 August 2019



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Walsh & Company Investments Limited, the Responsible
Entity of Australian Governance & Ethical Index Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Governance & Ethical Index Fund for the period from 10 May 2018 to 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jessica Davis

Partner

Sydney

27 August 2019

Australian Governance & Ethical Index Fund
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2019

	Note	2019 \$
Investment income		
Dividend and distribution income		2,221,547
Interest income		10,369
Net gain on financial assets at fair value through profit or loss		2,615,874
Other income		17,377
Total net investment income		<u>4,865,167</u>
Expenses		
Management and administration fees	14	(79,115)
Investment transaction costs	14	(33,799)
Total expenses		<u>(112,914)</u>
Profit before income tax expense		4,752,253
Income tax expense		-
Profit after income tax expense for the period		4,752,253
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period		<u><u>4,752,253</u></u>
		Cents
Basic earnings per unit	6	23.65
Diluted earnings per unit	6	23.65

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australian Governance & Ethical Index Fund
Statement of financial position
As at 30 June 2019

	Note	2019 \$
Assets		
Cash and cash equivalents	7	382,070
Receivables	8	3,365,010
Financial assets	9	<u>41,540,175</u>
Total assets		<u>45,287,255</u>
Liabilities		
Payables	10	2,044,375
Distributions payable		<u>979,738</u>
Total liabilities		<u>3,024,113</u>
Net assets		<u><u>42,263,142</u></u>
Equity		
Issued capital	11	40,639,503
Retained earnings		<u>1,623,639</u>
Total equity		<u><u>42,263,142</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes

Australian Governance & Ethical Index Fund
Statement of changes in equity
For the period ended 30 June 2019

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 10 May 2018	-	-	-
Profit after income tax expense for the period	-	4,752,253	4,752,253
Other comprehensive income for the period, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	4,752,253	4,752,253
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 11)	46,100,496	-	46,100,496
Unit buyback (note 11)	(5,433,148)	-	(5,433,148)
Buyback costs (note 11)	(27,845)	-	(27,845)
Distributions paid (note 5)	-	(3,128,614)	(3,128,614)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	<u>40,639,503</u>	<u>1,623,639</u>	<u>42,263,142</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Australian Governance & Ethical Index Fund
Statement of cash flows
For the period ended 30 June 2019

	Note	2019 \$
Cash flows from operating activities		
Interest income received		9,937
Dividends received		1,940,190
Payments to suppliers		(36,424)
Management and administration fees paid		<u>(76,636)</u>
Net cash from operating activities	15	<u>1,837,067</u>
Cash flows from investing activities		
Payments for investments		(10,980,022)
Receipts from disposal of investments		<u>15,634,528</u>
Net cash from investing activities		<u>4,654,506</u>
Cash flows from financing activities		
Receipt of funds from Australian Governance Masters Index Fund Limited	11	579,064
Payments for unit buy-backs		(5,313,950)
Unit issue transaction costs		(27,868)
Distributions paid	5	<u>(1,346,749)</u>
Net cash used in financing activities		<u>(6,109,503)</u>
Net increase in cash and cash equivalents		382,070
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	7	<u><u>382,070</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

1. General information

Australian Governance & Ethical Index Fund (**Fund**) is a registered managed investment scheme domiciled in Australia. The investment objective of the Fund is to provide investors with long term capital appreciation, while reducing risk and preserving capital, through investments in securities within the S&P/ASX100 Index that exhibit relatively high levels of governance, social and environmental performance.

The Fund was registered on 10 May 2018. Accordingly, there are no comparative balances and the current financial reporting period is from the date of registration to 30 June 2019. It is recommended that this financial report be read in conjunction with any public announcements made by the Fund during the period.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2019. The directors have the power to amend and reissue the financial statements.

2. New Accounting Standards and Interpretations

Adoption of new and revised Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to its operations and effective for the current period. These include:

- AASB 9 'Financial Instruments', and the relevant amending standards
- AASB 15 'Revenue from Contracts with Customers', AASB2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective Date of AASB 15' and AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The adoption of the amendment does not have a significant impact on the recognition, classification and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are held at fair value through profit or loss, the change in impairment rules does not have a material impact on the Fund.

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts. There are no material changes to the timing or manner of recognition of the Fund's key revenues as interest revenue, dividend and distribution income and investment gains/(losses) are excluded from the scope of AASB 15.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the current financial period that have a material impact on the Fund.

Accounting Standards and Interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Fund. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

Annual Improvements to IFRS Standards 2015-2017 Cycle

The interpretation is applicable to annual reporting periods beginning on or after 1 January 2019. The adoption of this standard from 1 July 2019 will not have a material impact on the Fund.

Amendments to References to the Conceptual Framework in IFRS Standards

The standard is applicable to annual reporting periods beginning on or after 1 January 2020. The adoption of this standard from 1 July 2020 is yet to be determined.

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared on an accrual basis and are based on historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The following accounting policies have been adopted in the preparation and presentation of the financial report.

Investment income

Dividend and distribution income

Dividend and distribution income is recognised when the right to receive a dividend has been established.

Interest income

Interest income is recognised in profit or loss using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Net change in fair value of investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Taxes

Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided its distributable income for each income year is fully distributed to Unitholders, by way of cash or reinvestment.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The Fund qualifies for reduced input tax credits at a minimum of 55%.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

Cash flows are presented in the Statement of Cash Flows on a gross basis.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant accounting policies (continued)

Receivables

Receivables include balances due from brokers, dividends and distributions receivable, reduced input tax credit receivable and other receivables. Amounts are generally received within 30 days of being accrued for. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When receivables for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised on trade date, when the Fund becomes a party to the contractual provisions of the instrument.

The Fund classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluated the information about its investments on a fair value basis together with other related financial information.

The Fund holds financial assets comprising equity securities. These securities are mandatorily classified as fair value through profit or loss.

Financial assets

Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of Profit or Loss and Other Comprehensive Income. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets not at fair value through profit or loss, including receivables, are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method and are assessed for impairment based on the expected credit loss model.

Financial liabilities

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of Profit or Loss and Other Comprehensive Income. Financial liabilities not at fair value through profit or loss, including payables, are measured initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire.

Fair value

The fair value of equity securities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and securities held by the Fund is the current bid price, and the quoted market price for financial liabilities is the current asking price.

3. Significant accounting policies (continued)

Payables

Payables include amounts due relating to the purchase of investments, trade creditors and accrued expenses at the reporting date. Payables and accruals are recognised at amortised cost when the obligation arises for payments for the purchase of goods and services.

Issued capital

Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of the ordinary units are recognised as a deduction from equity.

Distributions to unitholders

Distributions to unitholders are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Board of the Responsible Entity on or before the end of the financial period. A distribution payable is recognised in the Statement of Financial Position where the amount is not yet distributed at balance date.

Earnings per unit

Basic and diluted earnings per unit

Basic earnings per unit is determined by dividing the profit or loss excluding any cost of servicing equity other than ordinary units by the weighted average number of ordinary units outstanding during the financial period. Diluted earnings per unit is the same as basic earnings per unit because there are no dilutive potential ordinary units.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best-available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Fund. The expected credit loss (ECL) impairment model has not materially impacted the Fund.

4. Operating segments

The Fund operates in Australia and is engaged solely in investing activities, generating long term capital appreciation and deriving revenue from dividend and distribution income and interest income.

5. Distributions

Distributions declared during the financial period were as follows:

	2019
	\$
Cash distribution - 4.5 cents per unit paid on 31 August 2018	1,091,139
Cash distribution - 4.5 cents per unit paid on 4 February 2019	1,057,737
Cash distribution - 4.5 cents per unit paid on 2 August 2019	979,738
	<hr/>
	3,128,614
	<hr/> <hr/>

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

6. Earnings per unit

	2019
	\$
Profit after income tax	<u>4,752,253</u>
	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>20,097,055</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>20,097,055</u>
	Cents
Basic earnings per unit	23.65
Diluted earnings per unit	23.65

7. Cash and cash equivalents

	2019
	\$
Cash at bank	<u>382,070</u>

8. Receivables

	2019
	\$
Receivable for investments sold	3,078,686
Other receivables	2,746
Dividend and distribution receivable	<u>283,578</u>
	<u>3,365,010</u>

9. Financial assets

	2019
	\$
Equity investments - listed	<u>41,540,175</u>

Refer to note 13 for further information on fair value measurement.

The market values of individuals investments held at the end of the reporting period are set out immediately before the Unitholder Information.

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

10. Payables

	2019
	\$
Payable for investments purchased	2,037,261
Other payables	7,114
	<u>2,044,375</u>

Refer to note 12 for further information on financial instruments.

11. Issued capital

	2019	
	Units	\$
Ordinary shares - fully paid	<u>21,709,196</u>	<u>40,639,503</u>

Movements in ordinary unit capital

Details	Date	Units	\$
Balance	10 May 2018	10	10
Redemption of ordinary units (a)	9 July 2018	(10)	(10)
Issue of ordinary units (b)	9 July 2018	24,247,481	45,303,994
Issue of ordinary units at \$1.83 per unit (distribution reinvested)	31 August 2018	222,999	408,548
Issue of ordinary units at \$1.69 per unit (distribution reinvested)	4 February 2019	229,330	387,954
Unit buybacks		(2,990,614)	(5,433,148)
Buyback costs		-	(27,845)
		<u>21,709,196</u>	<u>40,639,503</u>
Balance	30 June 2019	<u>21,709,196</u>	<u>40,639,503</u>

- (a) 10 nominal ordinary units were redeemed at \$1.00 per unit on completion of the Restructure
- (b) In respect of the Restructure completed on 9 July 2018, 24,247,481 were issued at \$1.87 per unit. Cash totalling \$579,064 and financial assets at fair value totalling \$44,742,307 were received from Australian Governance Masters Index Fund Limited.

Ordinary units

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

Unit buy-back

There is a current on-market unit buy-back.

Capital risk management

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital net of issue costs amounting to \$40,639,503 as at 30 June 2019. The Fund is not subject to any externally imposed capital requirements.

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

12. Financial instruments

Financial risk management

The Fund's financial instruments primarily comprise of listed equity investments. The Fund's investment objective is to achieve long term capital appreciation, while reducing risk and preserving capital, through investments in securities within the S&P/ASX100 Index that exhibit relatively high levels of governance, social and environmental performance, in accordance with its investment strategy (as stipulated in the Fund's current Product Disclosure Statement and Constitution). The main risks the Fund is exposed to through its financial instruments are market risk (including equity price risk and interest rate risk), credit risk and liquidity risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

Market risk

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual securities. The equity price risk exposure arises from the Fund's investments in equity securities. The Investment Manager manages the Fund's equity price risk in accordance with the Fund's investment objectives and policies, as detailed in the current Product Disclosure Statement.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income, all changes in market conditions will directly affect investment income.

The following table illustrates the effect on profit before tax and equity from possible changes in the value of equity investments, with all other variables remaining constant.

2019	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Equity investments	5%	<u>2,077,009</u>	<u>2,077,009</u>	(5%)	<u>(2,077,009)</u>	<u>(2,077,009)</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk on its variable rate cash deposits. The Fund currently does not hedge against this exposure.

The Fund's exposure to interest rate risk is limited to cash deposits. At 30 June 2019, approximately 99.09% of the financial assets were non-interest bearing and 0.91% of the financial assets were at a floating rate, represented by the cash and cash equivalents balance on the Statement of Financial Position.

The Fund does not hold significant cash balances exposed to interest rates in other currencies and does not have any borrowings or other financial liabilities or assets with direct exposure to changes in interest rates and accordingly is not exposed to material interest rate risk.

12. Financial instruments (continued)

Credit risk

The Fund is exposed to credit risk, which is the risk that the counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers relevant, historical analysis and forward looking information in determining any expected credit losses. At the reporting date all receivables and cash and cash equivalents are held with approved counterparties and are either callable on demand or due within 30 days. Management consider the probability of default to be low and as a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A or higher (as determined by Standards & Poor's).

Receivables for securities sold

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's exposure to liquidity risk is minimal. The risk is managed by ensuring that sufficient cash and cash equivalents is maintained to meet ongoing operating requirements and investments are primarily held in actively traded markets. The majority of the Fund's listed securities are considered readily realisable as they are listed on Stock Exchanges globally.

Remaining contractual maturities

The following are contractual maturities of financial liabilities:

	6 months or less \$	6 months to 1 year \$	Remaining contractual maturities \$
2019			
Non-derivatives			
<i>Non-interest bearing</i>			
Payables	(2,044,375)	-	(2,044,375)
Distributions payable	(979,738)	-	(979,738)
Total non-derivatives	<u>(3,024,113)</u>	<u>-</u>	<u>(3,024,113)</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

13. Fair value measurement

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

13. Fair value measurement (continued)

The fair values of:

- other assets and other liabilities approximate their carrying value;
- listed securities included in "Equity Investments" are readily traded on the Stock Exchanges in a standardised form globally. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at the end of the reporting period.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: unobservable inputs for the asset or liability

2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss and other comprehensive income</i>				
Equity investments - listed	41,540,175	-	-	41,540,175
Total assets	41,540,175	-	-	41,540,175

There were no transfers between levels during the financial period.

14. Related party transactions

Related party investments in the Fund

The Responsible Entity or its associates does not hold any investments in the Fund.

Responsible Entity fee - Walsh & Company Investments Limited

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. Walsh & Company Investments Limited, as Responsible Entity, receives a Responsible Entity fee of 0.08% per annum (inclusive of the net effect of GST) of the gross asset value of the Fund.

Total Responsible Entity paid or payable to the Responsible Entity for the period ended 30 June 2019 were \$31,760, exclusive of GST.

Investment Management fee - Walsh & Company Asset Management Pty Limited

The Investment Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Funds' investment portfolio, and determining and recommending the retention or sale of investment in the Fund's portfolio.

In connection with the provision of services as Investment Manager, Walsh & Company Asset Management Pty Limited, receives an Investment Management fee of 0.11% per annum (inclusive of the net effect of GST) of the value of the portfolio.

Total Investment Management fees paid or payable for the period ended 30 June 2019 was \$44,395, exclusive of GST.

Brokerage fees - ED Operations Pty Ltd

ED Operations Pty Ltd, a related party of the Responsible Entity, is engaged as a broker by the Fund, received brokerage of 0.50% on all transactions undertaken as part of the Fund's buy-back program.

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

14. Related party transactions (continued)

Total brokerage fees paid or payable to the related party of the Responsible Entity for the period ended 30 June 2019 were \$27,166, exclusive of GST.

Investment transaction costs - Evans & Partners Pty Ltd

Evans & Partners Pty Ltd, a related party of the Responsible Entity, receives brokerage of 0.10% (excluding GST) on all transactions in Australian equities undertaken by the Fund. During the period, the brokerage paid was \$32,975, exclusive of GST.

Custodial services

Effective 14 March 2019, the Responsible Entity changed the Fund's custodian and entered into a custody arrangement with Walsh & Company Investments Limited in its personal capacity (**Custodian**) to provide custodial services to the Fund. The Responsible Entity has agreed to bear the cost of the fund administration services, as such, there were no custody fees paid out of the assets of the Fund.

Fund administration services

Australian Fund Accounting Services Pty Limited, a related party of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. The Responsible Entity has agreed to bear the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund.

15. Reconciliation of profit after income tax to net cash from operating activities

	2019
	\$
Profit after income tax expense for the period	4,752,253
Adjustments for:	
Net gain on financial assets at fair value through profit or loss	(2,615,874)
Other income	(17,377)
Change in operating assets and liabilities:	
Increase in receivables	(284,100)
Increase in payables	2,165
Net cash from operating activities	<u><u>1,837,067</u></u>

Australian Governance & Ethical Index Fund
Notes to the financial statements
30 June 2019

16. Remuneration of auditor

During the financial period the following fees were paid or payable for services provided by KPMG, the auditor of the Fund:

	2019
	\$
<i>Audit services - KPMG</i>	
Audit or review of the financial statements	<u>31,257</u>
<i>Other services - KPMG</i>	
Taxation review	<u>5,000</u>
	<u><u>36,257</u></u>

Walsh & Company Investments Limited, the Responsible Entity of the Fund, has agreed to bear the fees for the audit and other services paid to KPMG for the reporting period.

17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Australian Governance & Ethical Index Fund
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

27 August 2019



Independent Auditor's Report

To the unitholders of Australian Governance & Ethical Index Fund

Opinion

We have audited the **Financial Report** of Australian Governance & Ethical Index Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the period from 10 May 2018 to 30 June 2019; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the period from 10 May 2018 to 30 June 2019
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation, existence and completeness of financial assets at fair value through profit or loss (\$42m)

Refer to Note 9 *Financial Assets*

The key audit matter	How the matter was addressed in our audit
<p>Financial assets at fair value through profit or loss comprise investments in listed Australian securities (investments).</p> <p>Valuation, existence and completeness of investments is a key audit matter due to:</p> <ul style="list-style-type: none"> • 73 holdings in listed Australian securities (level 1 securities) amounting to \$42m which represents 92% of total assets; • the degree of audit effort and resources involved in gathering sufficient appropriate audit evidence on the valuation, existence and completeness of investments; • the Fund outsourced certain processes and controls relevant to recording and valuing investments to a custodian for the period from 10 May 2018 to the date custodial functions were transferred to Walsh & Company Investments Limited (the Responsible Entity); • the risk of investments being recorded in the incorrect period due to the timing between the trade and settlement dates of investments purchased and sold. We focused on investments purchased and sold around the end of the reporting period; and • the importance of the performance of these investments in driving the Fund's investment income and capital performance. 	<p>Our procedures included:</p> <p>For the period from 10 May 2018 to the date custodial functions were transferred to Walsh & Company Investments Limited (the Responsible Entity):</p> <ul style="list-style-type: none"> • obtained the custodian's GS007 (<i>Guidance Statement 007 Audit Implications of the User of Service Organisations for Investment Management Services</i>) independent assurance report to understand the custodian's processes and assess controls to record and value the Fund's investments; and <p>For the period from the date custodial functions were transferred to the Responsible Entity to 30 June 2019:</p> <ul style="list-style-type: none"> • obtained an understanding of the processes and assessed controls in relation to the custodial functions within the Responsible Entity to record and value the Fund's investments; • checked the accuracy of the transfer of investments from the custodian's underlying records to the Responsible Entity; • checked the trade dates for a sample of investments purchased and sold from the Fund's list of trades to underlying trade confirmations from counterparties. We did this to check the ownership and quantity of the investments held by the Fund; • for a sample of investments purchased and sold before end of reporting period, obtained from the Fund's list of trades, we checked the trade dates to underlying trade confirmations

	<p>from counterparties and amounts settled to the Fund's bank statements to assess the period the investment is recognised or derecognised;</p> <ul style="list-style-type: none"> • for a sample of transactions subsequent to the end of the reporting period obtained from the Fund's bank statements, we checked the underlying trade confirmations from counterparties to assess the period the investment is recognised or derecognised; and • checked the valuation of investment holdings recognised by the Fund to the last traded share price on the Australian Securities Exchange on the reporting date.
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Other Information

Other Information is financial and non-financial information in Australian Governance & Ethical Index Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Jessica Davis

Partner

Sydney

27 August 2019

Australian Governance & Ethical Index Fund
Investments at market value
30 June 2019

Investments

The investments held by the Fund are:

Investments	Market Value	
	\$	%
A2 Milk Company Limited	501,744	1.21%
ALS Limited	96,257	0.23%
Altium Limited	107,217	0.26%
Alumina Limited	438,452	1.06%
Ansell Limited	96,150	0.23%
APA Group	589,432	1.42%
ASX Limited	426,347	1.03%
Atlas Arteria Ltd	138,251	0.33%
Aurizon Holdings Limited	287,350	0.69%
Ausnet Services Limited	86,709	0.21%
Australia And New Zealand Banking Group Limited	2,183,172	5.26%
Bank Of Queensland Limited	101,247	0.24%
Beach Energy Limited	92,340	0.22%
Bendigo And Adelaide Bank Limited	149,289	0.36%
Bluescope Steel Limited	168,302	0.41%
Brambles Limited	546,962	1.32%
Caltex Australia Limited	172,607	0.42%
Carsales.Com Limited	87,133	0.21%
Challenger Limited	101,858	0.25%
Charter Hall Group	134,054	0.32%
Cleanaway Waste Management Limited	537,095	1.29%
Cochlear Limited	316,879	0.76%
Coles Group Limited	404,745	0.97%
Commonwealth Bank Of Australia	3,895,296	9.38%
Computershare Limited	529,240	1.27%
CSL Limited	3,012,150	7.25%
CYBG Plc	77,213	0.19%
Dexus	376,070	0.91%
Downer Edi Limited	117,958	0.28%
Duluxgroup Limited	94,971	0.23%
Evolution Mining Limited	176,244	0.42%
Flight Centre Travel Group Limited	64,029	0.15%
GPT Group	295,145	0.71%
Iluka Resources Limited	493,654	1.19%
Incitec Pivot Limited	152,782	0.37%
Insurance Australia Group Limited	510,344	1.23%
James Hardie Industries Plc	221,707	0.53%
JB Hi-Fi Limited	296,422	0.71%
Lendlease Group	202,826	0.49%
Link Administration Holdings Limited	70,315	0.17%
Macquarie Group Limited	1,399,227	3.37%
Medibank Private Limited	256,997	0.62%
Mirvac Group	500,187	1.20%
National Australia Bank Limited	1,949,892	4.69%
Newcrest Mining Limited	934,058	2.25%
Nine Entertainment Co. Holdings Limited	79,114	0.19%
Northern Star Resources Ltd	199,203	0.48%

Australian Governance & Ethical Index Fund
Investments at market value
30 June 2019

		%
Oil Search Limited	249,833	0.60%
Orica Limited	203,227	0.49%
Orora Limited	338,758	0.82%
Oz Minerals Limited	584,769	1.41%
Pendal Group Ltd	218,275	0.53%
Qbe Insurance Group Limited	431,760	1.04%
Qube Holdings Limited	118,615	0.29%
Ramsay Health Care Limited	249,806	0.60%
Reliance Worldwide Corporation Limited	424,093	1.02%
Rio Tinto Limited	2,425,805	5.84%
Scentre Group	546,678	1.32%
Seek Limited	527,603	1.27%
Spark Infrastructure Group	269,766	0.65%
Stockland	271,442	0.65%
Suncorp Group Limited	466,789	1.12%
Sydney Airport	734,824	1.77%
Telstra Corporation Limited	1,224,335	2.95%
Transurban Group	1,027,850	2.47%
Unibail-Rodamco-Westfield	410,389	0.99%
Vicinity Centres	210,511	0.51%
Wesfarmers Limited	1,407,099	3.37%
Westpac Banking Corporation	2,604,639	6.27%
Woodside Petroleum Limited	910,054	2.19%
Woolworths Limited	1,166,938	2.81%
Worleyparsons Limited	676,792	1.63%
Xero Limited	170,889	0.41%
	<u>41,540,175</u>	

Transactions

The total number of transactions in Fund securities during the reporting period was 367.

Australian Governance & Ethical Index Fund
Unitholder information
30 June 2019

The unitholder information set out below was applicable as at 31 July 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary units
1 to 1,000	35
1,001 to 5,000	91
5,001 to 10,000	269
10,001 to 100,000	735
100,001 and over	8
	<u>1,138</u>
Holding less than a marketable parcel	<u>17</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary units % of total units issued	
	Number held	
DARJUD PTY LTD THE D & J MAHER S/FUND A/C	131,828	0.62
MRS DIANE MORA GALLERY MRS MADELEINE JANE LENZNER & MRS VERONICA LOUISE ROBSON THE GALLERY SUPER FUND A/C	125,654	0.60
MR ROBERT CHARLES TAYLOR & MRS SUSAN TAYLOR R & S TAYLOR SUPER FUND A/C	118,750	0.56
MR JACQUES POL CALLUAUD & MRS LYNN MARGARET CALLUAUD JP & LM CALLUAUD S/F A/C	111,000	0.53
GL & AM MORRISON PTY LTD G & A MORRISON S/F A/C	110,000	0.52
MR WILLIAM JOHN EARLE & MRS JANE CHRISTINE EARLE WILLIAM JOHN EARLE S/F A/C	106,250	0.50
BREWER SUPERANNUATION PTY LTD BREWER SUPER FUND A/C	105,035	0.50
ROSENSHUL SMSF INVESTMENTS PTY LTD ROSENSHUL S/F A/C	104,695	0.50
J & V KING PTY LTD JOHN G. KING S/F A/C	98,700	0.47
MS SALLY MADELINE TRANTER & MR PHILIP HENRY JACKSON S TRANTER & P JACKSON SF A/C	97,917	0.46
PURCELL CONSULTANTS PTY LTD PURCELL FAMILY RETIRE A/C	92,038	0.44
ALNJEN PTY LTD THE ALNJEN JONES S/F A/C	89,892	0.43
RJCC HISCOCK SUPER PTY LTD HISCOCK S/FUND A/C	88,882	0.42
MR ALAN KLINE & MRS PATRICIA KLINE A L KLINE SUPER FUND A/C	87,639	0.42
LENMAR AUSTRALIA PTY LTD SARBRO SUPER FUND A/C	86,497	0.41
HICKEY NEBBIOLO SUPER FUND PTY LTD THE M & C HICKEY S/F A/C	81,578	0.39
HEHIR PALLAS SUPER INVESTMENTS PTY LTD HEHIR PALLAS SUPER FUND A/C	81,564	0.39
LINCOLN & SHEVANTHI RATNASINGHAM SMSF PTY LTD L S & S RATNASINGHAM S/F A/C	80,004	0.38
GOODIES GOLD PTY LTD GOODBAN FAMILY S/FUND A/C	80,000	0.38
CONCORDE SYSTEMS PTY LTD CONCORDE SYSTEMS S/FUND A/C	79,813	0.38
	<u>1,957,736</u>	<u>9.30</u>

Australian Governance & Ethical Index Fund
Unitholder information
30 June 2019

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

There are no substantial holders in the Fund.

Voting rights

The voting rights attached to ordinary units are set out below:

Ordinary units

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

There are no other classes of equity securities.

Management Agreement Summary

Walsh & Company Asset Management Pty Limited (ACN 159 902 708) (**Investment Manager**) has been appointed to act as investment manager for the Australian Governance & Ethical Index Fund (**Fund**) under an Investment Management Agreement (**Investment Management Agreement** or **IMA**) dated 14 May 2018 between Walsh & Company Asset Management Pty Limited as the Investment Manager and Walsh & Company Investments Limited (**Responsible Entity**) as Responsible Entity of the Fund.

The IMA is for an Initial Term commencing on the date of the agreement, 14 May 2018, and expiring on the date 5 years after the commencement date, unless terminated earlier in accordance with its terms.

Under the IMA, the Investment Manager is entitled to be paid a monthly management fee of 0.11% (exclusive of GST) per annum of the Value of the Portfolio calculated on the last business day of the prior month.

Australian Governance & Ethical Index Fund
Corporate directory
30 June 2019

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).

The ASX code is AGM

Responsible Entity

Walsh & Company Investments Limited
(ACN 152 367 649)
(AFSL 410 433)
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
T 1300 454 801
F 1300 883 159
E info@walshandco.com.au
walshandco.com.au

Directors

Alex MacLachlan
Warwick Keneally
Mike Adams

Secretaries

Hannah Chan
Caroline Purtell

Australian Governance & Ethical Fund

(ARSN 625 826 646)
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
T 1300 454 801
F 1300 457 349
E info@governanceandethicalfund.com.au
governanceandethicalfund.com.au

Unit Register

Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000
T 1300 737 760 (Australia)
T +61 2 9290 9600 (International)
F 1300 653 459
boardroomlimited.com.au

Auditor

KPMG
Level 38, Tower Three
International Towers Sydney
300 Barangaroo Avenue
SYDNEY NSW 2000
T: +61 2 9335 7000
F: +61 2 9335 7001
kpmg.com.au

Banker

ANZ Bank

