



## INVESTMENT OBJECTIVE

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

## PORTFOLIO UPDATE

The Australian Governance & Ethical Index Fund (Fund) returned 1.7% over the month, marginally below the broader Index (+1.8%). Positive contributors included overweight positions in Rio Tinto (+5.8%), OZ Minerals (+6.0%) and Alumina (+9.2%), while negative contributors included overweight positions in The a2 Milk Company (-10.5%) and the exclusion of both BHP Group (+4.4%) and Fortescue Metals (+13.4%).

Some of the world's largest companies continue to shift their portfolios away from fossil fuels. Shell is furthering its diversification into electricity with a \$617m bid for Australian utility company ERM Power, while BHP is reported to be planning to exit from thermal coal. BHP assets include a stake in Colombian giant Cerrejón, where the CEO has publicly stated that the thermal coal industry is in terminal decline. Commonwealth Bank has announced it will continue to reduce its thermal coal mining and coal-fired power generation loan book with a view to completely exiting the sector by 2030.

While the phase out of fossil fuels will take time it appears the tipping point will hit investments sooner than the resources industry had anticipated, increasing the risk of stranded assets.

## PORTFOLIO MANAGER



Will Hart  
Portfolio Manager

NTA per unit <b>\$2.00</b>	Unit price (AGM) <b>\$1.97</b>	Gross assets <b>\$39.2 MILLION</b>	12-month distribution yield (target: 5%) <b>4.6%</b>	Annualised performance since inception (10 July 2018) <sup>1</sup> <b>12.4%</b>
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## FUND PERFORMANCE<sup>1</sup>

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	5 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	1.7%	2.8%	11.6%	14.2%	-	-	12.4%
S&P/ASX 100 Accumulation Index	1.8%	2.5%	11.3%	13.7%	-	-	11.0%
Excess Return	-0.1%	0.4%	0.3%	0.5%	-	-	1.4%

Note: Numbers may not sum due to rounding.

## LARGEST ACTIVE POSITIONS

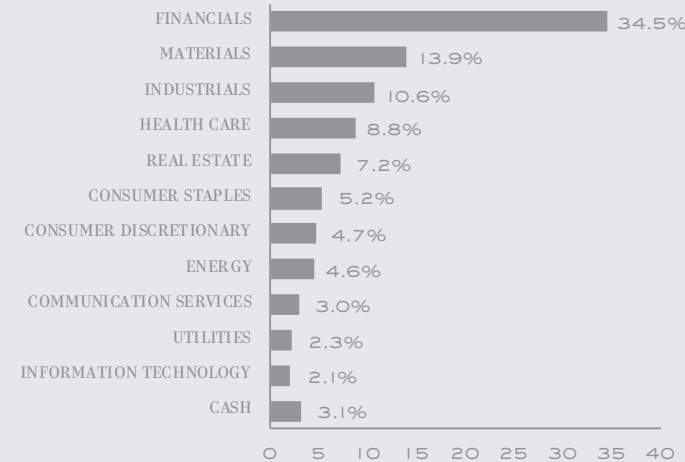
### TOP 10 OVERWEIGHT<sup>2</sup>

Cleanaway Waste Management Ltd	Reliance Worldwide Corp Ltd
CSL Limited	Rio Tinto Ltd
Macquarie Group Ltd	Unibail-Rodamco-Westfield
Newcrest Mining Ltd	Wesfarmers Ltd
Oz Minerals Ltd	Worleyparsons Ltd

### TOP 10 UNDERWEIGHT<sup>2</sup>

Ancor PLC	Origin Energy Ltd
Aristocrat Leisure Ltd	Santos Ltd
BHP Group Ltd	Sonic Healthcare Ltd
Fortescue Metals Group Ltd	South32 Ltd
Goodman Group	Treasury Wine Estates Ltd

## SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

## PERFORMANCE CHART<sup>1</sup>



Notes: Data at 30 September 2019 unless stated. Numbers may not sum due to rounding. 1. All returns are total returns, inclusive of reinvested distributions. NTA returns are net of fees and costs. Past performance is not a reliable indicator of future performance. 2. Overweight and underweight positions are relative to S&P/ASX 100 Index weights. Inception 10 July 2018. Chart data range: 10 July 2018 to 30 September 2019. Initial index value 1,000. Index Source: Bloomberg.



## PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
Commonwealth Bank of Australia	8.73%	Computershare Ltd	1.27%	Aurizon Holdings Ltd	0.74%
CSL Limited	7.31%	SEEK Ltd	1.25%	Cochlear Ltd	0.73%
Westpac Banking Corporation	6.25%	Mirvac Group	1.14%	Stockland	0.70%
Rio Tinto Ltd	5.15%	Reliance Worldwide Corporation	1.13%	James Hardie Industries	0.70%
National Australia Bank Ltd	5.13%	Insurance Australia Group Ltd	1.12%	Lendlease Group	0.63%
ANZ Banking Group Ltd	5.07%	Brambles Ltd	1.11%	Oil Search Ltd	0.60%
Wesfarmers Ltd	3.62%	Coles Group Ltd	1.10%	Spark Infrastructure	0.60%
Macquarie Group Ltd	3.46%	Alumina Ltd	1.07%	Medibank Private	0.57%
Woolworths Group Ltd	3.00%	A2 Milk Co Ltd	1.06%	Vicinity Centres	0.54%
Telstra Corporation Ltd	2.56%	Suncorp Group Ltd	1.05%	Orica Ltd	0.52%
Newerest Mining Ltd	2.45%	Cleanaway Waste Management Ltd	1.05%	Ramsay Health Care Ltd	0.51%
Transurban Group Ltd	2.35%	QBE Insurance	1.05%	Evolution Mining	0.45%
Woodside Petroleum Ltd	1.86%	Unibail-Rodamco-Westfield	0.99%	Caltex Australia Ltd	0.45%
Sydney Airport	1.72%	ASX Ltd	0.96%	Northern Star Resources Ltd	0.44%
APA Group	1.46%	JB HI-FI Ltd	0.94%	Outside top 50	5.92%
WorleyParsons Ltd	1.40%	Dexus	0.79%	Cash	3.14%
Oz Minerals Ltd	1.35%	GPT Group	0.76%		
Scentre Group Ltd	1.29%	Orora Ltd	0.75%		

Notes: Data as at 30 September 2019 unless stated. Numbers may not sum due to rounding.



## ABOUT WALSH & COMPANY

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

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## IMPORTANT INFORMATION

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

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