



Australian Governance & Ethical Index Fund
(ARSN 625 826 646)
General Meeting

9.00 am Sydney Time
Monday 18 November 2019

Level 15
100 Pacific Highway
North Sydney NSW 2060

Australian Governance & Ethical Index Fund

Notice of Meeting 2019

Australian Governance & Ethical Index Fund (ARSN 625 826 646)

Notice of General Meeting

GENERAL MEETING

Notice is given that the General Meeting of Unitholders of the Australian Governance & Ethical Index Fund (**Fund**) will be held at the time, date and place detailed below to consider and vote on the following resolutions in this Notice of Meeting:

Date: 18 November 2019
Time: 9.00am (AEDT)
Venue: Level 15, 100 Pacific Highway
North Sydney, NSW 2060

It is recommended that holders of units in the Fund (**Unitholders**) read the Notice of Meeting and Explanatory Memorandum in full and seek professional advice if they are uncertain about how they should cast their votes at the General Meeting.

The Directors unanimously recommend that Unitholders vote in favour of the resolution set out in the Notice of Meeting.

Capitalised terms are defined in the Glossary.

BUSINESS

Resolution 1 – Approval of On-market Buyback

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the Fund authorises and approves, for the purposes of Section 601KH(8)(a) of the Corporations Act (as inserted by ASIC Legislative Instrument 2016/1159) and for all other purposes, the buyback of up to 25% of the issued Units on-market during the 12 month period from 19 November 2019 as detailed in the Explanatory Memorandum which accompanies this Notice of Meeting.”

Without limitation, Section 601KH(8)(a) of the Corporations Act 2001 (Cth) (**Corporations Act**)(as inserted by ASIC Legislative Instrument 2016/1159) is relevant to this resolution.

Resolution will be by poll

In accordance with clause 20.17 of the Constitution, the Chairman intends to call a poll on the resolution proposed at the General Meeting. The resolution to be considered at the General Meeting will therefore be conducted by a poll, rather than on a show of hands. The Chairman considers voting by poll to be in the interests of the Unitholders as a whole and ensures the views of as many Unitholders as possible are represented at the General Meeting.

Other Information

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

All Unitholders should read the Explanatory Memorandum carefully and in its entirety. Unitholders who are in doubt regarding any part of the business of the General Meeting should consult their financial or legal advisor for assistance.

Proxies

Any Unitholder entitled to attend and vote at this General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead.

A proxy need not be a Unitholder of the Fund.

If the Unitholder appoints two proxies, the Unitholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the votes. If the specified proportion or number of votes exceeds that which the Unitholder is entitled to, each proxy may exercise half of the Unitholders votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

On a poll, each proxy or attorney may only exercise votes in respect of those Units or voting rights the proxy or attorney represents.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form provided with this Notice of Meeting. If you mark the abstain box for a particular resolution you are directing your proxy not to vote on your behalf and your Units will not be counted in computing the required majority on a poll. If you do not mark a voting instructions box in respect of a particular resolution, you are directing your proxy to vote as he or she decides, subject to any voting exclusions that apply to the proxy.

Proxies must be:

- (a) lodged by posting them or delivering them by hand to the address specified below; and
- (b) received at the fax number specified below; or
- (c) registered online at <https://www.votingonline.com.au/agm2019>,

not later than 48 hours before the General Meeting i.e. 9.00am (AEDT) on 16 November 2019.

Address: Boardroom Pty Limited, GPO BOX 3993, Sydney NSW 2001, Australia

Fax Number: +61 2 9290 9655

Entitlement to Vote

In accordance with Section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Fund has determined that for the purposes of the General Meeting all Units will be taken to be held by the persons who held them as registered holders at 7.00pm (AEDT) on 16 November 2019. Accordingly, Unit transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

By order of the Board

Caroline Purtell
Company Secretary
Responsible Entity

25 October 2019

Australian Governance & Ethical Index Fund (ARSN 625 826 646) Explanatory Memorandum

This Explanatory Memorandum relates to the General Meeting of Unitholders of the Australian Governance & Ethical Index Fund (**Fund**) to be held at Level 15, 100 Pacific Highway, North Sydney NSW 2060 on 18 November 2019 at 9.00am (AEDT).

Resolution 1 - Approval of on-market buyback

1.1 Overview

The Fund's goal is to manage its capital so as to achieve the most efficient capital structure and optimise returns to Unitholders. Accordingly, the Fund is seeking to obtain Unitholder approval so that it has the flexibility to undertake buybacks during the 12 month period from 19 November 2019, should market conditions support this. The Responsible Entity believes that such flexibility will support the Fund's goals of achieving the most efficient capital structure possible, and optimising returns to Unitholders.

The Responsible Entity, on behalf of the Fund, is seeking Unitholder approval to buyback Units on-market. If Unitholders approve the buyback, the Fund will be permitted to buyback a maximum of 25% of the numbers of Units it has on issue as at the close of trade on 18 November 2019 over the next 12 months. If approved by Unitholders, the buyback period will be from 19 November 2019 to close of trade on 17 November 2020, unless terminated earlier by the Fund.

This Explanatory Memorandum sets out information that is material to a Unitholder's decision on how to vote on the buyback resolution, including the reasons for the buyback, the applicable terms, the financial implications and the possible advantages and disadvantages of the on-market buyback program.

The proposed buyback will (if approved) be conducted in accordance with the Fund's Constitution and Section 601KH of the Corporations Act (as inserted by ASIC Legislative Instrument 2016/1159).

1.2 Purpose of the Resolution

The purpose of the buyback resolution is to seek Unitholder approval to commence a buyback program. Under the Corporations Act, the Fund must obtain the approval of its Unitholders in order to buyback more than 10% of the smallest number of votes attaching to the voting Units that the Fund had on issue during the 12 months preceding the buyback (**10/12 limit**).

The buyback resolution will be approved if more than 50% of votes cast at the General Meeting on the resolution are in favour of the resolution.

If approval is given, the Fund will be able to implement the new buyback scheme to buy back further Units on and from 19 November 2019, on the terms outlined in this Explanatory Memorandum.

If approval is not given, then the Fund will buy back Units without Unitholder approval, as long as it does not exceed the 10/12 limit.

1.3 Reasons for the buyback

The Responsible Entity considers that an on-market buyback is an effective means of returning any surplus capital to Unitholders and will enable the Fund to maintain an efficient capital structure. The Responsible Entity also considers that an on-market buyback provides the Fund with flexibility to adjust the volume of Units bought back and can stop buying at any time. The principal alternative method of returning capital, being a pro rata distribution of capital to all holders, does not afford the same flexibility. An off-market buyback (characterised as a withdrawal scheme) does not afford the Responsible Entity the ability to adjust the buyback to take account of changing market conditions in the same way as a progressive on-market buyback. Implications of the buyback program for the Fund's financials are set out in this Explanatory Memorandum.

1.4 Responsible Entity's recommendation

The Responsible Entity recommends that Unitholders vote in favour of the buyback resolution. However in deciding how to vote, Unitholders should be aware that, among other things, some of the disadvantages of the buyback include:

- The Fund's net assets will be reduced by the amount expended on the buybacks.
- While the buybacks may provide some liquidity in the Fund's Units in the short term, they will likely result in reducing the liquidity in the Fund's Units in the long term due to a smaller number of Units on issue for trading.

The general advantages of an on-market buyback include the following:

- Purchases on-market can be tailored to changing market conditions.
- The Responsible Entity has complete flexibility to adjust the volume of Units bought and can stop buying at any time.
- Implementation of an on-market buyback is simple and cost-effective.

The Directors also consider the following to be advantages of the buybacks:

- The promotion of a more efficient capital structure.
- Providing investors with an opportunity to realise their investment close to NTA if that is their desire.

1.5 Outline of on-market buybacks

An on-market buyback involves the Responsible Entity, on behalf of the Fund, buying Units in the ordinary course of trading at the prevailing market price on the ASX, in the same way as any other market transaction. It is a requirement of the Corporations Act that the Responsible Entity must not buyback Units on-market by way of a special crossing or priority crossing.

The implementation of an on-market buyback is regulated by both ASIC and the ASX. In particular, the ASX Listing Rules prescribe that the buyback price must not be more than 5% above the volume weighted average price (**VWAP**) for Units in the Fund over the previous 5 days on which sales in the Units were recorded before the buyback.

The closing price of the Fund's Units on the ASX on 17 October 2019 was \$1.98. The Fund's highest and lowest market sales and the average monthly closing prices on the ASX for the calendar year to 17 October 2019 were as follows:

Period	Low (\$)	High (\$)	Average Closing Price (\$)
January 2019	\$ 1.650	\$ 1.690	\$ 1.67
February 2019	\$ 1.690	\$ 1.770	\$ 1.74
March 2019	\$ 1.780	\$ 1.825	\$ 1.80
April 2019	\$ 1.820	\$ 1.860	\$ 1.83
May 2019	\$ 1.840	\$ 1.890	\$ 1.86
June 2019	\$ 1.800	\$ 1.980	\$ 1.93
July 2019	\$ 1.920	\$ 1.980	\$ 1.94

Period	Low (\$)	High (\$)	Average Closing Price (\$)
August 2019	\$ 1.870	\$ 1.970	\$ 1.91
September 2019	\$ 1.920	\$ 1.980	\$ 1.95
October 2019	\$ 1.930	\$ 1.980	\$ 1.95

Source: Iress

The Fund must announce on the ASX the period during which Units may be bought back (if the Responsible Entity has determined this), the maximum number of Units intended to be bought back and any other information that affects a Unitholder's decision to sell Units. The Fund also has to give daily notices containing details of the Units bought back.

All Unitholders are eligible to participate by selling their Units to the Fund on the ASX. Participation in any buyback is voluntary. Unitholders do not have to sell their Units if they do not want to. Unitholders will not, however, have the right to withdraw sales once made.

The maximum number of Units that the Responsible Entity, on behalf of the Fund, will buyback on-market will be an amount equal to 25% of the issued Units in the Fund as at the close of trade on 17 October 2019. Assuming there are no issues of Units between the date of this Notice of Meeting and the date of the General Meeting this could be up to 4,780,161 Units.

Since an on-market buyback involves Units being acquired at the market price of Units at that time, it is not possible to anticipate the total actual amount the Responsible Entity, on behalf of the Fund, will expend on paying for the Units. In any event the Responsible Entity, on behalf of the Fund, does not intend to pay a price higher than the estimated NTA for the Units.

Financial implications of the buyback program

The buyback will be funded from the Fund's available cash reserves and, if required, the sale of certain investments.

The Responsible Entity, on behalf of the Fund, has determined that the buyback will not materially prejudice the Fund's ability to pay creditors.

As at 17 October 2019 the Fund has \$477,843 of cash reserves available as a source of funding the buyback. The actual amount of the buyback to be funded will not be determined until the completion of the buyback program. Drawing on the available cash reserves will deplete the remaining cash reserves available following the buyback. Cash to fund the buyback in excess of the Fund's cash reserves will be drawn from the realisation of investments and, given the liquidity in the Fund's investments, sale of investments on-market can be undertaken at short notice and at prevailing market prices.

The exact impact on earnings per Unit of any buyback cannot be determined until the buyback is completed and will depend on the number of Units bought back, the volume-weighted average buyback price and how the buyback program is funded.

A buyback may decrease the ASX trading volumes and liquidity in the Fund's Units. It is not, however, possible to determine the extent of any potential decrease in liquidity at this time.

Whilst it is not possible to anticipate the total actual amount that the Fund will expend on paying for the Units, the buyback will not adversely affect NTA.

Effect on control of the Fund

It is not expected that there will be any effect on control of the Fund following the buyback.

1.6 Other material information

Approval of the resolution will not result in any tax implications for Unitholders if they do not sell their Units. However, if a Unitholder chooses to participate in the buyback by selling their Units then that Unitholder should obtain specific tax advice on the treatment of the sale of their Units taking into account their particular circumstances.

At 17 October 2019, the Fund has 19,120,644 Units on issue.

The Directors of the Responsible Entity have the following interests in the Fund at the date of this Notice of Meeting:

Name	Holding Units	% Voting Interest
Alex MacLachlan	0	0.00%
Warwick Keneally	0	0.00%
Michael Adams	0	0.00%

The following table shows the relevant voting interest that each Director of the Responsible Entity would have if the Fund bought back 25% of the issued Units permitted under any approval of the buyback given and if the Directors of the Responsible Entity did not sell any of their Units:

Name	Holding Units	% Voting Interest
Alex MacLachlan	0	0.00%
Warwick Keneally	0	0.00%
Michael Adams	0	0.00%

The Directors of the Responsible Entity may participate in the buyback program.

Glossary

In this Explanatory Memorandum and the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the board of the Responsible Entity of the Fund.

Constitution means the constitution of the Fund dated 26 April 2018 as amended from time to time.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Responsible Entity of the Fund.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Fund means Australian Governance & Ethical Fund (ARSN 625 826 646).

General Meeting means the meeting referred to in the Notice of Explanatory Memorandum scheduled to be held on 18 November 2019.

Listing Rules means the listing rules of the ASX.

Notice of Meeting means this notice of meeting in respect of the General Meeting.

NTA means the Fund's net tangible asset backing calculated on a per Unit basis as the total assets of the Fund less its total liabilities and divided by the number of Units on issue.

Regulations means the *Corporations Regulations 2001 (Cth)*.

Responsible Entity means Walsh & Company Investments Limited (ACN 152 367 649).

Section means a section of the Corporations Act.

Unit means an ordinary unit in the Fund, being an undivided share in the beneficial interest in the Fund.

Unitholder means a registered holder of a Unit.

VWAP means the volume weighted average price of a Unit sold on the ASX trading platform.

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00am (Sydney Time) on Saturday 16 November 2019.**

TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/agmgm2019>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the fund. Do not write the name of the issuer fund or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the fund's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the fund's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.


Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.


Funds: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the fund has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**


STEP 4 LODGEMENT


Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:00am (Sydney Time) on Saturday 16 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **Online** <https://www.votingonline.com.au/agmgm2019>

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
 This is your address as it appears on the fund's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Governance & Ethical Index Fund** (Fund) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Fund to be held at **Level 15, 100 Pacific Highway, North Sydney NSW 2060 at 9:00am (Sydney Time) on Monday 18 November 2019** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
Resolution 1 Approval of On-market Buyback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2019