



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) appreciated 0.1%, outperforming the broader market by 0.5%. Positive contributors included overweight positions in CSL (+10%) and JB Hi-Fi (+9%), who both provided positive earning updates. The exclusions of Wisetech Global (-25%), who was accused by a short-seller of overstating profits, and Afterpay (-20%) also benefited performance. Negative contributors included an overweight position in Cleanaway (-5%), which fell on the back of a softer economy, while the exclusion of oil-major Santos (+5%), which announced the purchase of ConocoPhillips' Northern Australia assets, also impacted performance.

Most corporates to date have focused emissions reduction efforts on their own direct carbon emissions, however rising pressure from investors and policy makers are turning attention to customer emissions. In the mining industry (notably steel and coal), this presents a long-term challenge given customer emissions can be ~20-40x higher than direct emissions. BHP became the first major resources company to commit to reducing customer emissions with a \$400m investment. Subsequently, Rio Tinto has established a joint-venture with China's Baowu Steel to explore reducing steel emissions. These initiatives continue to demonstrate that climate change issues are impacting companies' corporate strategies.

PORTFOLIO MANAGER



Will Hart
Portfolio Manager

NTA per unit \$2.00	Unit price (AGM) \$1.98	Gross assets \$37.9 MILLION	12-month distribution yield (target: 5%) 4.5%	Annualised performance since inception (10 July 2018) ¹ 11.6%
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FUND PERFORMANCE¹

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	5 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	0.1%	-0.3%	9.2%	21.1%	-	-	11.6%
S&P/ASX 100 Accumulation Index	-0.4%	-0.7%	8.4%	20.1%	-	-	9.9%
Excess Return	0.5%	0.4%	0.8%	0.9%	-	-	1.7%

Note: Numbers may not sum due to rounding.

LARGEST ACTIVE POSITIONS

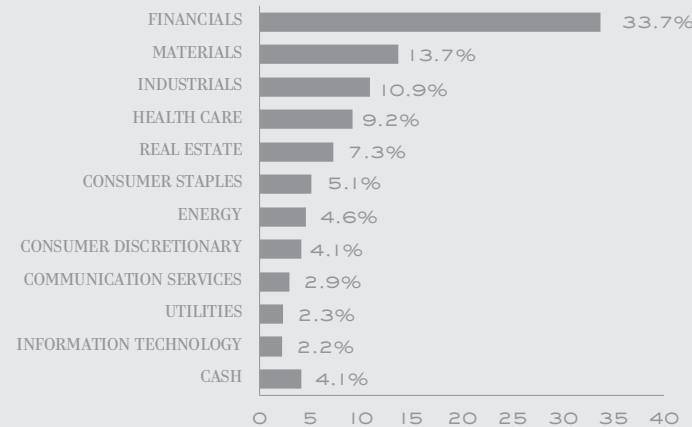
TOP 10 OVERWEIGHT²

Cleanaway Waste Management Ltd	Rio Tinto Ltd
Computershare Ltd	SEEK Ltd
Macquarie Group Ltd	Unibail-Rodamco-Westfield
Oz Minerals Ltd	Wesfarmers Ltd
Reliance Worldwide Corp Ltd	Worleyparsons Ltd

TOP 10 UNDERWEIGHT²

AGL Energy Ltd	Goodman Group
AmcOR Limited	Origin Energy Ltd
Aristocrat Leisure Ltd	Santos Ltd
BHP Group Ltd	Sonic Healthcare Ltd
Fortescue Metals	South32 Ltd

SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



Notes: Data at 31 October 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 31 October 2019. Initial index value 1,000. Index Source: Bloomberg.



PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
Commonwealth Bank of Australia	8.47%	Computershare Ltd	1.25%	Aurizon Holdings Ltd	0.72%
CSL Limited	7.60%	Scentre Group Ltd	1.25%	GPT Group	0.70%
Westpac Banking Corporation	5.93%	Reliance Worldwide Corporation	1.22%	Lendlease Group	0.69%
Rio Tinto Ltd	5.08%	Mirvac Group	1.21%	James Hardie Industries	0.67%
National Australia Bank Ltd	5.05%	Brambles Ltd	1.16%	Oil Search Ltd	0.60%
ANZ Banking Group Ltd	4.73%	Insurance Australia Group Ltd	1.12%	Medibank Private	0.59%
Wesfarmers Ltd	3.64%	A2 Milk Co Ltd	1.08%	Spark Infrastructure	0.57%
Macquarie Group Ltd	3.56%	QBE Insurance	1.08%	Ramsay Health Care Ltd	0.56%
Woolworths Group Ltd	3.00%	Unibail-Rodamco-Westfield	1.07%	Orica Ltd	0.54%
Telstra Corporation Ltd	2.54%	Alumina Ltd	1.06%	Vicinity Centres	0.53%
Transurban Group Ltd	2.37%	Coles Group Ltd	1.04%	Xero Ltd	0.46%
Newcrest Mining Ltd	2.22%	Suncorp Group Ltd	1.03%	Caltex Australia Ltd	0.43%
Sydney Airport	1.89%	Cleanaway Waste Management Ltd	1.03%	Bluescope Steel	0.43%
Woodside Petroleum Ltd	1.85%	ASX Ltd	1.01%	Northern Star Resources Ltd	0.40%
APA Group	1.49%	Orora Ltd	0.83%	Outside top 50	5.68%
WorleyParsons Ltd	1.48%	Dexus	0.82%	Cash	4.06%
Oz Minerals Ltd	1.43%	Cochlear Ltd	0.74%		
SEEK Ltd	1.33%	Stockland	0.73%		

Notes: Data as at 31 October 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.

Adam Coughlan
Head of Distribution
T: (02) 8662 9792 M: 0418 653 560
adam.coughlan@walshandco.com.au

Andrew Fitzpatrick
Business Development Associate – NSW/QLD
T: (02) 8662 9743 M: 0400 456 570
andrew.fitzpatrick@walshandco.com.au

Emmanuel Vergara
Key Account Manager – QLD/WA
T: (07) 5565 9305 M: 0467 773 162
emmanuel.vegara@walshandco.com.au

Charlie Wapshott
Key Account Manager – VIC/SA/TAS
T: (03) 9411 4066 M: 0456 040 613
charlie.wapshott@walshandco.com.au

IMPORTANT INFORMATION

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

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

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