

NTA per unit <b>\$1.98</b>	Unit price (AGM) <b>\$2.03</b>	Gross assets <b>\$36.8 MILLION</b>	12-month distribution yield (target: 5%) <b>4.4%</b>	Annualised performance since inception (10 July 2018) <sup>1</sup> <b>11.1%</b>
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## 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) declined 2.1% in December, outperforming the S&P/ASX 100 Index by 0.2%. Positive contributors included overweight positions in Virgin Money UK (+4%) and Rio Tinto (+4%), while the exclusions of Treasury Wine Estates (-13%) and Whitehaven Coal (-16%), also benefited relative performance. Negative contributors included the exclusions of Magellan Financial Group (+9%) and Fortescue Metals Group (+10%).

Reflecting on 2019, it is likely to have been a pivotal year in the transition towards sustainability. Further improvements in key technologies (renewable electricity generation, battery storage and electric vehicles) continue to highlight the potential for the decarbonisation of certain industries in an economical manner. As we look forward, the key challenge will be predicting the timeframe within which these changes will occur, given the impact to asset values and resultant industry dynamics. Highlighting this, Spanish energy giant Repsol became the first oil and gas company to pledge a target of net zero emissions by 2050 – in the process announcing a ~US\$5.3 billion asset write-down – as they aligned their energy demand forecasts with the Paris Agreement.

## PORTFOLIO MANAGER



**Will Hart**  
Portfolio Manager

## FUND PERFORMANCE<sup>1</sup>

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	5 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	-2.1%	1.3%	4.1%	25.3%	-	-	11.1%
S&P/ASX 100 Accumulation Index	-2.2%	0.7%	3.2%	24.1%	-	-	9.5%
Excess Return	0.2%	0.6%	0.9%	1.2%	-	-	1.6%

Note: Numbers may not sum due to rounding.

## LARGEST ACTIVE POSITIONS

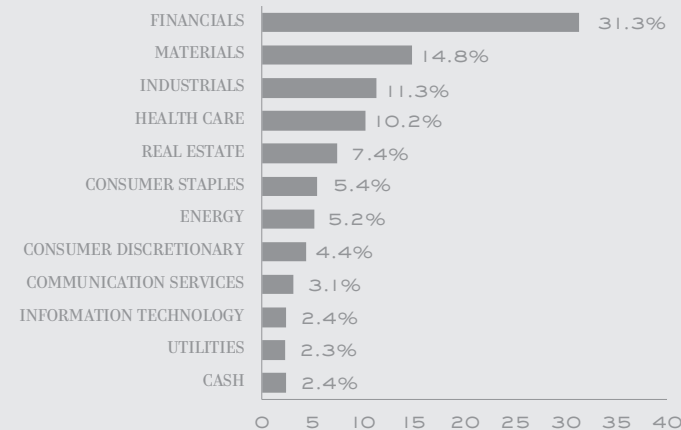
### TOP 10 OVERWEIGHT<sup>2</sup>

Cleanaway Waste Management Ltd	SEEK Ltd
Macquarie Group Ltd	Unibail-Rodamco-Westfield
Oz Minerals Ltd	Virgin Money UK Plc
Reliance Worldwide Corp Ltd	Wesfarmers Ltd
Rio Tinto Ltd	Worley Ltd

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

AGL Energy Ltd	Goodman Group
Ancor Plc	Origin Energy Ltd
Aristocrat Leisure	Santos Ltd
BHP Group Ltd	South32 Ltd
Fortescue Metals Group	Westpac Banking Corporation

## SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

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



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



## PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
Commonwealth Bank of Australia	8.88%	SEEK Ltd	1.36%	James Hardie Industries	0.78%
CSL Limited	8.45%	A2 Milk Co Ltd	1.33%	Stockland	0.71%
Rio Tinto Ltd	5.79%	Virgin Money UK Plc	1.29%	GPT Group	0.68%
ANZ Banking Group Ltd	4.50%	Scentre Group Ltd	1.29%	Lendlease Group	0.67%
National Australia Bank Ltd	4.48%	Mirvac Group	1.23%	Aurizon Holdings Ltd	0.66%
Wesfarmers Ltd	3.91%	Reliance Worldwide Corporation	1.21%	Oil Search Ltd	0.63%
Macquarie Group Ltd	3.78%	Brambles Ltd	1.17%	Spark Infrastructure	0.61%
Woolworths Group Ltd	3.00%	Cleanaway Waste Management Ltd	1.15%	Ramsay Health Care Ltd	0.61%
Telstra Corporation Ltd	2.66%	QBE Insurance	1.14%	Medibank Private	0.57%
Westpac Banking Corporation	2.59%	Insurance Australia Group Ltd	1.11%	Caltex Australia Ltd	0.56%
Transurban Group Ltd	2.46%	Unibail-Rodamco-Westfield	1.11%	Xero Ltd	0.55%
Newcrest Mining Ltd	2.21%	Alumina Ltd	1.11%	Orica Ltd	0.54%
Woodside Petroleum Ltd	2.03%	Coles Group Ltd	1.06%	Vicinity Centres	0.51%
Sydney Airport	1.92%	Suncorp Group Ltd	1.03%	Bluescope Steel	0.50%
Worley Ltd	1.71%	ASX Ltd	0.99%	Outside top 50	6.19%
Oz Minerals Ltd	1.54%	Orora Ltd	0.88%	Cash	2.38%
APA Group	1.47%	Dexus	0.83%		
Computershare Ltd	1.37%	Cochlear Ltd	0.81%		

Notes: Data as at 31 December 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 authorised for release by the Board of Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433), as responsible entity for the Australian Governance & Ethical Index Fund (**Fund**) (ARSN 625 826 646).

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 Fund.

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