

## 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) experienced a challenging month, declining 6.9% as the impact of COVID-19 was absorbed by the market, nevertheless it outperformed the broader Index (S&P/ASX 100 Accumulation Index) which declined 7.7% over the same period.

Amid a volatile half year results season, positive contributors to relative returns included the exclusions of Wisetech Global (-39.7%), Santos Limited (-20.6%) and BHP Group (-14.7%), while overweight positions in A2 Milk (+6.3%) and Cleanaway Waste Management (+11.3%) also benefited performance. Conversely, overweight positions in Reliance Worldwide (-24.9%), and Worley (-16.8%) negatively impacted performance. Most notably, plumbing group Reliance Worldwide fell sharply following a disappointing HY20 earnings result and increasing competition in its core push-to-connect plumbing fixture market.

Swedish furniture giant IKEA announced it will shortly begin selling home solar panels in Australia. Due to its excellent solar resources, Australia has the highest levels of rooftop penetration globally, with more than 2.3 million systems now operational, and installed capacity growing 35% in 2019. The shift to de-centralised energy generation is compounding issues for utility companies, who are dealing with both increasing competition from solar and wind operators due to rapidly improving economics, and softening demand.

## PORTFOLIO MANAGER



**Will Hart**  
Portfolio Manager

NTA per unit	Unit price (AGM)	Gross assets	12-month distribution yield (target: 5%)	Annualised performance since inception (10 July 2018) <sup>1</sup>
<b>\$1.93</b>	<b>\$1.92</b>	<b>\$34.1 MILLION</b>	<b>4.7%</b>	<b>8.3%</b>

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

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	5 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	-6.9%	-4.5%	0.5%	11.1%	-	-	8.3%
S&P/ASX 100 Accumulation Index	-7.7%	-5.1%	-0.5%	9.6%	-	-	6.6%
Excess Return	0.7%	0.6%	1.0%	1.5%	-	-	1.7%

Note: Numbers may not sum due to rounding.

## LARGEST ACTIVE POSITIONS

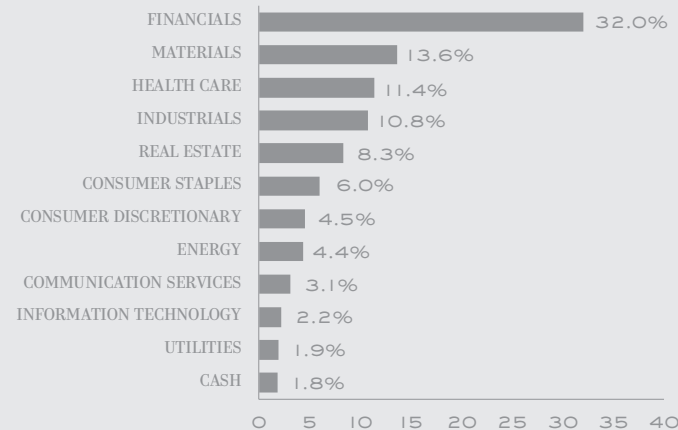
### TOP 10 OVERWEIGHT<sup>2</sup>

CSL Ltd	Rio Tinto Ltd
Lendlease Group	SEEK Ltd
Macquarie Group Ltd	Virgin Money UK Plc
Oz Minerals Ltd	Wesfarmers Ltd
Reliance Worldwide Corp Ltd	Worley Ltd

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

AGL Energy Ltd	Goodman Group
Amcort Plc	Origin Energy Ltd
Aristocrat Leisure	Santos Ltd
BHP Group Ltd	Sonic Healthcare Ltd
Fortescue Metals Group	Westpac Banking Corporation

## SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

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



Notes: Data at 29 February 2020 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 29 February 2020. Initial index value 1,000. Index Source: Bloomberg.



## PORTFOLIO HOLDINGS

COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)	COMPANY	WEIGHT (%)
CSL Limited	9.74%	Computershare Ltd	1.32%	James Hardie Industries	0.82%
Commonwealth Bank of Australia	9.42%	SEEK Ltd	1.32%	Orora Ltd	0.80%
Rio Tinto Ltd	5.01%	Mirvac Group	1.28%	Cochlear Ltd	0.78%
National Australia Bank Ltd	4.73%	Brambles Ltd	1.25%	Stockland	0.75%
ANZ Banking Group Ltd	4.71%	QBE Insurance	1.21%	GPT Group	0.73%
Wesfarmers Ltd	4.05%	Scentre Group Ltd	1.21%	Northern Star Resources Ltd	0.70%
Macquarie Group Ltd	3.70%	Virgin Money UK Plc	1.20%	Aurizon Holdings Ltd	0.63%
Woolworths Group Ltd	3.34%	Sydney Airport	1.15%	Ramsay Health Care Ltd	0.62%
Westpac Banking Corporation	2.75%	Reliance Worldwide Corporation	1.07%	Caltex Australia Ltd	0.56%
Telstra Corporation Ltd	2.67%	Coles Group Ltd	1.05%	Xero Ltd	0.52%
Transurban Group Ltd	2.54%	Unibail-Rodamco-Westfield	0.99%	Medibank Private	0.51%
Newerest Mining Ltd	2.03%	Alumina Ltd	0.99%	Orica Ltd	0.48%
Woodside Petroleum Ltd	1.72%	Qube Holdings Ltd	0.97%	Oil Search Ltd	0.47%
Lendlease Group	1.60%	Insurance Australia Group Ltd	0.96%	Atlas Arteria	0.46%
A2 Milk Co Ltd	1.56%	ASX Ltd	0.94%	Outside top 50	5.78%
APA Group	1.50%	Suncorp Group Ltd	0.93%	Cash	1.85%
WorleyParsons Ltd	1.47%	Cleanaway Waste Management Ltd	0.92%		
Oz Minerals Ltd	1.38%	Dexus	0.86%		

Notes: Data as at 29 February 2020 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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