

AUSTRALIAN GOVERNANCE & ETHICAL INDEX FUND
(ASX CODE: AGM)
FUND UPDATE

Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433), in its capacity as Responsible Entity (**Responsible Entity**) of the Australian Governance and Ethical Index Fund (**Fund**), advises that the Responsible Entity has received notice from Walsh & Company Asset Management Pty Limited (ACN 159 902 708), the Fund's Investment Manager (**Investment Manager**), that following a review of its business, the Investment Manager has taken the decision to focus its investment management activities in markets where it has scale. As part of this decision, the Investment Manager has notified the Responsible Entity that, in accordance with the terms of the Investment Management Agreement (**IMA**), the Investment Manager is terminating the IMA and will cease to provide investment management services ninety days after the date of its termination notice.

Consequently, and following an analysis of the various options it has available to it, the Responsible Entity has determined that it is in the best interests of unitholders that the Fund is terminated and subsequently wound up in accordance with the constitution of the Fund (**Constitution**).

BACKGROUND

The Fund was established in July 2018 to invest in 75- 85 of the S&P/ASX100 listed securities with a focus on those companies that exhibited strong governance frameworks, are committed to overall corporate social responsibility and have undertaken sustainable operating practices including minimising environmental harm.

Since inception, the Fund has generated total returns for unitholders of 2.3% per annum on a net tangible asset per Unit (NTA) basis, outperforming the S&P/ASX100 index by 1.0% per annum.

As COVID-19 has continued to create volatility in Australian and global markets, the Responsible Entity had been exploring strategies to enhance the Fund's liquidity and efficiency. Having received the Investment Manager's termination notice, the Responsible Entity concluded that winding up the Fund and returning capital to unitholders is superior to other alternatives available. The Responsible Entity is engaging with the Australian Securities Exchange (**ASX**) regarding removal of securities from quotation on the official list of the ASX. The request for removal will be submitted to ASX after the final distribution is made.

In addition to the ordinary expenses for the period, windup costs of approximately \$45,000 will be incurred out of the assets of the Fund to cover the required audit and associated costs.

DISTRIBUTION

The Fund's Constitution requires the Responsible Entity to provide unitholders with 60 days' notice before the termination of the Fund. The Responsible Entity advises that the date of termination of the Fund will be 26 October 2020 (**Termination Date**). Following termination, the Responsible Entity must commence winding up. Accordingly, at or around the Termination Date the assets of the Fund will be converted to cash. An initial distribution will be paid to unitholders after the Termination Date, presently anticipated to be on or around 12 November 2020 (**Initial Distribution**).

The Initial Distribution will be substantially all of the assets of the Fund, however, the precise amount of the Initial Distribution depends on the cash balance of the Fund following the sale of the portfolio (**Proceeds**). The Fund will retain a small amount of cash to pay expenses, and the Fund's final distribution will be paid within 180 days of the Termination Date (if it is in the best interest of unitholders to do so). Tax distribution statements will be issued after the final distribution and individuals are encouraged to obtain tax advice regarding their personal circumstances.

MANAGING THE FUND UNTIL TERMINATION

From the date of this announcement until the Termination Date, the Investment Manager will continue to manage the portfolio in accordance with the investment strategy of the Fund. As noted, at or around the Termination Date, and subject to market conditions, the assets of the Fund will be converted to cash.

No distributions will be made to unitholders prior to the Termination Date and the buyback presently operated by the Responsible Entity will cease at the time of this announcement.

DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity also provides notice that from the date of this announcement the existing Distribution Reinvestment Plan will terminate and there will be no option to reinvest future Fund distributions.

A summary of the key dates is set out below:

KEY DATES	DATE
Termination Date	26 October 2020
Suspension of Securities from Trading*	26 October 2020
Initial Distribution date*	12 November 2020
Final distribution date	within 180 days of Termination Date

* *Indicative only and subject to change.*

Professional advice should be sought before dealing in securities of the Fund.

For further information, contact Walsh & Company on 1300 454 801.

Authorised for release by Walsh & Company Investments Limited (ACN 152 367 649 | AFSL 410 433), the responsible entity of the Australian Governance & Ethical Index Fund.