

## Appendix 4D

### Half-Year Report For the half-year ended 31 December 2019

Name of entity

**Australian Governance & Ethical Index Fund**

ARSN

625 826 646

Reporting Period

1 July 2019 to 31 December 2019

Previous Corresponding Period

10 May 2018 to 31 December 2018

#### Results for announcement to the market

		31 December 2019 (\$)
<b>Total investment income</b> ("revenue from ordinary activities")	Up by 154.7% to	\$1,570,393
<b>Net operating profit for the period</b> ("profit from ordinary activities after tax attributable to unitholders")	Up by 152.2% to	\$1,525,015
<b>Total comprehensive income</b> ("net profit for the period attributable to unitholders")	Up by 152.2% to	\$1,525,015

#### Commentary on results

Refer to the attached Half-Year Financial Report including Director's Report. Additional Appendix 4D disclosure requirements can be found in the notes to the Half-Year Report.

#### Distributions

	Amount per security
<b>Final 2019 distribution (paid 2 August 2019)</b>	4.5 cents
<b>Interim 2020 distribution (paid on 3 February 2020)</b>	4.5 cents
Interim distribution dates:	
Ex-distribution date	30 December 2019
Record date	31 December 2019
DRP election date	8 January 2020
Payment date	3 February 2020

There is a distribution reinvestment plan (**DRP**) in operation in respect of this distribution. The Fund currently operates a **DRP** under which unitholders may elect to have all or part of their distribution reinvested in new units.

#### Net tangible assets per unit

31/12/2019	\$1.98
31/12/2018	\$1.66

#### Earnings per unit

	31 December 2019	31 December 2018
Basic earnings/(loss) per unit	7.70 cents	(16.36) cents
Diluted earnings/(loss) per unit	7.70 cents	(16.36) cents

#### Financial Report

This report is based on the 31 December 2019 Half-Year Financial Report and has been reviewed by KPMG.



**AUSTRALIAN  
GOVERNANCE & ETHICAL**  
Index Fund

# **HALF-YEAR FINANCIAL REPORT**

**For the half-year ended  
31 December 2019**

**RESPONSIBLE ENTITY:**

**WALSH & COMPANY**

INVESTMENTS LIMITED

(ACN 152 367 649 | AFSL 410 433)

**INVESTMENT MANAGER:**

WALSH & COMPANY ASSET  
MANAGEMENT PTY LIMITED  
(ACN 159 902 708 | AFSL 450 257)

## **Australian Governance & Ethical Index Fund**

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**31 December 2019**

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## Australian Governance & Ethical Index Fund

### Chairman's letter

31 December 2019

Dear Investor

It is a pleasure to provide you with the Australian Governance & Ethical Fund (**Fund** or **AGM**) Half-Year Financial Report for the period ended 31 December 2019 (**HY20**).

We are pleased to have delivered another strong period of performance, with the Fund appreciating 4.1% for the half on a Net Tangible Asset (**NTA**) basis, outperforming the broader S&P/ASX 100 Accumulation Index (**Benchmark**) which rose 3.2% over the same period. Pleasingly, since inception (July 2018) the Fund has now returned 11.1% per annum, outperforming the Benchmark by 1.6% per annum.

The Fund continues to focus on its primary objective of providing investors with low-cost exposure to a diversified portfolio of large capitalisation domestic companies with strong corporate governance frameworks, a commitment to sustainable operating practices, and a dedication to broader corporate social responsibility.

At 31 December 2019, the Fund was 97.6% invested in equities and the NTA of the Fund was \$35.9 million or \$1.98 per unit.

### Market Conditions

Global markets were strong in the six months to 31 December 2019, continuing the trend of the prior six months. The Australian market traced a similar path to global counterparts, in-part aided by a continuation of supportive monetary policy conditions, generally strong commodity prices (particularly iron ore), low unemployment and solid corporate earnings. Diminishing uncertainties surrounding Brexit and trade negotiations between the US and China also supported market sentiment.

Reflecting on 2019, it is likely to have been a pivotal period in the continued transition towards sustainability. Further improvements in key technologies (most notably in renewable electricity generation, battery storage and electric vehicles) continue to highlight the potential for the decarbonisation of certain industries in an economical manner. Corporate activity from fossil fuel giants such as Shell (diversifying into electricity markets) and Repsol (pledged a target of net zero emissions by 2050) further highlights the impact sustainability issues are having on corporate strategy. As we look forward, the key challenge will be predicting the timeframe within which many of these structural changes occur, given the potential impacts on industry dynamics and resultant asset values.

### Fund performance drivers

Overweight positions in CSL Ltd, Virgin Money UK (formerly Clydesdale Bank), and JB Hi-Fi Limited provided the largest positive contribution to relative returns, comparative to the Benchmark. While the exclusion of thermal (energy) coal exposed miners BHP and South32 also benefited relative performance. Developments in energy coal markets have been notable, with benchmark prices falling materially amid import restrictions in China. It has also been reported BHP may be looking to exit its thermal coal assets – including its stake in Colombian giant Cerrejón – whose CEO has publicly stated that the thermal coal industry is in terminal decline.

Looking forward, we continue to maintain a focus on the long term, and in particular on those companies who exhibit the attributes we value most; diverse and capable board and management teams; well aligned and structured incentive schemes; fair and equitable treatment of staff and customers; cognisance of the social and environmental impact of operations; and most importantly, an overarching commitment to transparency. Over the longer term, we believe this focus and approach will generate excess returns for unitholders – particularly as increasing regulatory and public scrutiny result in these attributes having a greater impact on asset pricing.

As always, we look forward to further updating you on the Fund performance in the full year financial report.

Yours faithfully,



Stuart Nisbett

Independent Chairman of the Responsible Entity

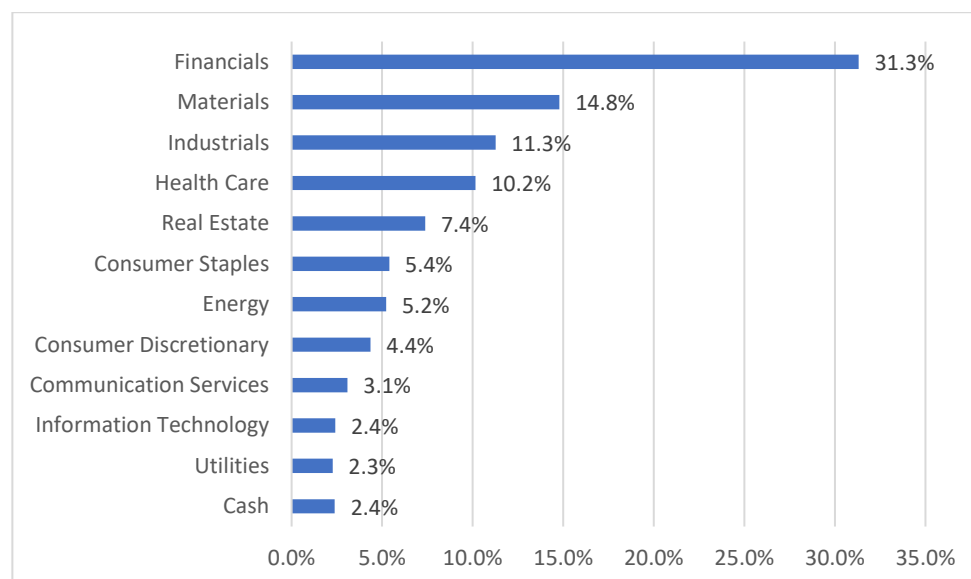
**Australian Governance & Ethical Index Fund**  
**Portfolio positioning**  
**31 December 2019**

**Portfolio Holdings**

Top 10 Overweights
Cleanaway Waste Management Ltd
Macquarie Group Ltd
Oz Minerals Ltd
Reliance Worldwide Corporation
Rio Tinto Ltd
SEEK Ltd
Unibail-Rodamco-Westfield
Virgin Money UK Plc
Wesfarmers Ltd
WorleyParsons Ltd

Top 10 Underweights
AGL Energy Ltd
Amcor Plc
Aristocrat Leisure
BHP Group Ltd
Fortescue Metals Group
Goodman Group
Origin Energy Ltd
Santos Ltd
South32 Ltd
Westpac Banking Corporation

**Sector Exposure**



## Australian Governance & Ethical Index Fund

### Directors' report

31 December 2019

The directors of Walsh & Company Investments Limited, the Responsible Entity of Australian Governance & Ethical Index Fund (the **Fund** or **AGM**), present their report together with the condensed interim financial statements of the Fund for the half-year ended 31 December 2019.

#### Directors

The directors of the Responsible Entity at any time during or since the end of the financial period are:

Stuart Nisbett	Appointed 19 December 2019
Mike Adams	
Warwick Keneally	
Peter Shear	Appointed 19 December 2019
Alex MacLachlan	Resigned 19 December 2019

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

#### Principal activities

The Fund is a registered managed investment scheme structured as a closed end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange (**ASX**) (ticker code: **AGM**). It was registered on 10 May 2018. The registered office and principal place of business of the Responsible Entity of the Fund is located at Level 15, 100 Pacific Highway, North Sydney, NSW, 2060.

The principal activity of the Fund during the financial period was to provide investors with long term capital appreciation, while reducing risk and preserving capital, through investments in securities within the S&P/ASX100 Index that exhibit relatively high levels of governance, social and environmental performance.

There were no significant changes in the nature of this activity during the period.

#### Review of financial results and operations

##### a) Financial results for the period

The performance of the Fund, as represented by the results of its operations for the relevant period ended 31 December, was as follows:

	2019	2018
<b>Results</b>		
Total net investment income/(loss) (\$)	1,570,393	(2,871,187)
Total expenses (\$)	(45,378)	(51,117)
Net profit/(loss) (\$)	<u>1,525,015</u>	<u>(2,922,304)</u>
	<b>2019</b>	<b>2018</b>
<b>Distributions</b>		
Cash distributions - cents per unit	<u>4.50</u>	<u>4.50</u>
	<b>2019</b>	<b>2018</b>
<b>Net asset value</b>		
Net asset value per unit (ex-distribution) - \$ per unit	<u>1.98</u>	<u>1.66</u>

**Australian Governance & Ethical Index Fund**  
**Directors' report**  
**31 December 2019**

**b) Performance returns**

The performance returns shown in the table below are for the six and twelve months ended 31 December 2019, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions. The returns are calculated monthly and compounded to produce longer period returns.

	<b>6 months to 31 December 2019 %</b>	<b>12 months to 31 December 2019 %</b>
<b>Performance</b>		
Growth return (i)	1.83	19.71
Distribution return (ii)	2.31	5.54
Total return (iii)	4.14	25.25

(i) The Growth return is calculated as a percentage by dividing the end of period net asset value per unit by the net asset value per unit at the start of the period minus 1.

(ii) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(iii) The Total return is calculated as a percentage by dividing the end of period net asset value per unit (cum-distribution) by the net asset value per unit at the start of the period minus 1.

**Matters subsequent to the end of the financial period**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Stuart Nisbett  
Chairman of Walsh & Company Investments Limited

25 February 2020



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Walsh & Company Investments Limited, the Responsible  
Entity of Australian Governance & Ethical Index Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Australian  
Governance & Ethical Index Fund, for the half-year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the  
*Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jessica Davis

*Partner*

Sydney

25 February 2020



**Australian Governance & Ethical Index Fund**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2019**

	<b>Note</b>	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>
<b>Investment income</b>			
Dividend and distribution income		794,009	968,241
Interest income		4,195	5,668
Other income		-	17,377
Net gain/(loss) on financial assets at fair value through profit or loss		772,189	(3,862,473)
Total net investment profit/(loss)		<u>1,570,393</u>	<u>(2,871,187)</u>
<b>Expenses</b>			
Management and administration fees	10	(37,967)	(39,665)
Investment transaction costs	10	(7,411)	(11,452)
Total expenses		<u>(45,378)</u>	<u>(51,117)</u>
<b>Profit/(loss) before income tax expense</b>		1,525,015	(2,922,304)
Income tax expense		-	-
<b>Profit/(loss) after income tax expense for the period</b>		1,525,015	(2,922,304)
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<u>1,525,015</u>	<u>(2,922,304)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per unit	5	7.70	(16.36)
Diluted earnings/(loss) per unit	5	7.70	(16.36)

*The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Australian Governance & Ethical Index Fund**  
**Condensed statement of financial position**  
**As at 31 December 2019**

	<b>Note</b>	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<b>Assets</b>			
Cash and cash equivalents		873,495	382,070
Receivables	6	86,891	3,365,010
Financial assets	7	<u>35,799,983</u>	<u>41,540,175</u>
<b>Total assets</b>		<u>36,760,369</u>	<u>45,287,255</u>
<b>Liabilities</b>			
Payables		6,432	2,044,375
Distributions payable		<u>815,709</u>	<u>979,738</u>
<b>Total liabilities</b>		<u>822,141</u>	<u>3,024,113</u>
<b>Net assets</b>		<u>35,938,228</u>	<u>42,263,142</u>
<b>Equity</b>			
Issued capital	8	33,605,286	40,639,503
Retained earnings		<u>2,332,942</u>	<u>1,623,639</u>
<b>Total equity</b>		<u>35,938,228</u>	<u>42,263,142</u>

*The above condensed statement of financial position should be read in conjunction with the accompanying notes*

**Australian Governance & Ethical Index Fund**  
**Condensed statement of changes in equity**  
**For the period ended 31 December 2019**

	<b>Issued capital \$</b>	<b>Accumulated loss \$</b>	<b>Total equity \$</b>
Balance at 10 May 2018	-	-	-
Loss after income tax expense for the period	-	(2,922,304)	(2,922,304)
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(2,922,304)</b>	<b>(2,922,304)</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital	45,712,542	-	45,712,542
Unit buy-backs	(1,704,787)	-	(1,704,787)
Buy-back costs	(8,737)	-	(8,737)
Distributions paid or payable (note 4)	-	(2,148,876)	(2,148,876)
<b>Balance at 31 December 2018</b>	<b>43,999,018</b>	<b>(5,071,180)</b>	<b>38,927,838</b>
	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	40,639,503	1,623,639	42,263,142
Profit after income tax expense for the period	-	1,525,015	1,525,015
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,525,015</b>	<b>1,525,015</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 8)	323,523	-	323,523
Unit buy-backs (note 8)	(7,321,226)	-	(7,321,226)
Buy-back costs (note 8)	(36,514)	-	(36,514)
Distributions paid or payable (note 4)	-	(815,712)	(815,712)
<b>Balance at 31 December 2019</b>	<b>33,605,286</b>	<b>2,332,942</b>	<b>35,938,228</b>

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes*

**Australian Governance & Ethical Index Fund**  
**Condensed statement of cash flows**  
**For the period ended 31 December 2019**

	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>
<b>Cash flows from operating activities</b>		
Interest income received	4,206	5,139
Dividends and distributions received	993,490	876,767
Payments to suppliers	<u>(38,163)</u>	<u>(58,110)</u>
Net cash from operating activities	<u>959,533</u>	<u>823,796</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(2,361,582)	(4,282,577)
Receipts from disposal of investments	<u>10,027,286</u>	<u>5,766,875</u>
Net cash from investing activities	<u>7,665,704</u>	<u>1,484,298</u>
<b>Cash flows from financing activities</b>		
Receipt of funds from the Restructure	-	579,064
Payments for unit buy-backs	(7,440,424)	(1,704,787)
Payment of buy-back costs	(37,170)	(8,950)
Distributions paid	<u>(656,218)</u>	<u>(677,491)</u>
Net cash used in financing activities	<u>(8,133,812)</u>	<u>(1,812,164)</u>
Net increase in cash and cash equivalents	491,425	495,930
Cash and cash equivalents at the beginning of the financial period	<u>382,070</u>	<u>-</u>
Cash and cash equivalents at the end of the financial period	<u><u>873,495</u></u>	<u><u>495,930</u></u>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes*

**Australian Governance & Ethical Index Fund**  
**Notes to the condensed financial statements**  
**31 December 2019**

**1. General information**

Australian Governance & Ethical Index Fund (**Fund**) is a registered managed investment scheme domiciled in Australia. The investment objective of the Fund is to provide investors with long term capital appreciation, while reducing risk and preserving capital, through investments in securities within the S&P/ASX100 Index that exhibit relatively high levels of governance, social and environmental performance.

The condensed interim financial statements were authorised for issue by the board of directors of the Responsible Entity of the Fund on 25 February 2020.

**2. Significant accounting policies**

**Statement of Compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards Board (**AASB**) 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards (**IFRS**) IAS 134 'Interim Financial Reporting'. The half-year report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

**Basis of Preparation**

The condensed interim financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

**New Accounting Standards and Interpretations**

The Fund has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year. The impact of the adoption is not material to the Fund's financial report in the current or future reporting periods and on foreseeable future transactions.

**3. Operating segments**

The Fund operates in Australia and is engaged solely in investing activities, generating long term capital appreciation and deriving revenue from dividend and distribution income and interest income.

**4. Distributions**

Distributions declared during the financial period were as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Cash distribution – 4.5 cents per unit paid 31 August 2018	-	1,091,139
Cash distribution – 4.5 cents per unit paid on 4 February 2019	-	1,057,737
Cash distribution – 4.5 cents per unit paid on 3 February 2020	815,712	-
	<u>815,712</u>	<u>2,148,876</u>

**Australian Governance & Ethical Index Fund**  
**Notes to the condensed financial statements**  
**31 December 2019**

**5. Earnings per unit**

	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>
Profit/(loss) after income tax	<u>1,525,015</u>	<u>(2,922,304)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>19,799,585</u>	<u>17,857,688</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>19,799,585</u>	<u>17,857,688</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per unit	7.70	(16.36)
Diluted earnings/(loss) per unit	7.70	(16.36)

**6. Receivables**

	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Receivable for investments sold	-	3,078,686
Dividends and distributions receivable	84,097	283,578
Interest receivable	430	441
GST receivable	<u>2,364</u>	<u>2,305</u>
	<u>86,891</u>	<u>3,365,010</u>

**7. Financial assets**

	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Equity investments - listed	<u>35,799,983</u>	<u>41,540,175</u>

Refer to note 9 for further information on fair value measurement.

**Australian Governance & Ethical Index Fund**  
**Notes to the condensed financial statements**  
**31 December 2019**

**8. Issued capital**

	<b>31 December 2019 Units</b>	<b>30 June 2019 Units</b>	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Ordinary units - fully paid	<u>18,126,979</u>	<u>21,709,196</u>	<u>33,605,286</u>	<u>40,639,503</u>

*Movements in ordinary unit capital*

<b>Details</b>	<b>Date</b>	<b>Units</b>	<b>\$</b>
Balance	1 July 2019	21,709,196	40,639,503
Issue of ordinary units at \$1.94 (distribution reinvested)	2 August 2019	166,559	323,523
Unit buy-backs		(3,748,776)	(7,321,226)
Buy-back costs		-	(36,514)
Balance	31 December 2019	<u>18,126,979</u>	<u>33,605,286</u>

**9. Fair value measurement**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Statement of Financial Position and in the notes to the condensed financial statements.

The fair values of:

- other assets and other liabilities approximate their carrying values;
- listed securities included in "Equity Investments" are readily traded on the Stock Exchanges in a standardised form globally. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at the end of the reporting period.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>31 December 2019</b>				
<i>Financial assets at fair value through profit or loss</i>				
Equity investments - listed	<u>35,799,983</u>	<u>-</u>	<u>-</u>	<u>35,799,983</u>
Total assets	<u>35,799,983</u>	<u>-</u>	<u>-</u>	<u>35,799,983</u>
<b>30 June 2019</b>				
<i>Financial assets at fair value through profit or loss</i>				
Equity investments - listed	<u>41,540,175</u>	<u>-</u>	<u>-</u>	<u>41,540,175</u>
Total assets	<u>41,540,175</u>	<u>-</u>	<u>-</u>	<u>41,540,175</u>

There were no transfers between levels during the financial period.

## **10. Related party transactions**

### *Related party investments in the Fund*

The Responsible Entity or its associates does not hold any investments in the Fund.

### *Responsible Entity services*

#### *a) Responsible Entity fee*

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. Walsh & Company Investments Limited, as Responsible Entity, receives a Responsible Entity fee of 0.08% per annum (inclusive of the net effect of GST) of the gross asset value of the Fund.

Total Responsible Entity fees paid or payable to the Responsible Entity for the period ended 31 December 2019 was \$15,021 (31 December 2018: \$16,032), exclusive of GST.

#### *b) Custodial services*

The Responsible Entity provided custodial services to the Fund in its personal capacity under a custody arrangement with Walsh & Company Investments Limited during the period up to 19 December 2019.

Effective 19 December 2019, the Fund's custodial services were outsourced to external service providers. The Responsible Entity bears the cost of the custodial services and, as such, there were no custody fees paid out of the assets of the Fund.

#### *c) Fund administration services*

Australian Fund Accounting Services Pty Limited, a related party of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. The Responsible Entity bears the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund.

### *Investment Management fee*

The Investment Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Fund's investment portfolio, and determining and recommending the retention or sale of investment in the Fund's portfolio.

In connection with the provision of services as Investment Manager, Walsh & Company Asset Management Pty Limited, receives an Investment Management fee of 0.11% per annum (inclusive of the net effect of GST) of the value of the portfolio.

Total Investment Management fees paid or payable for the period ended 31 December 2019 was \$21,654 (31 December 2018: \$22,246), exclusive of GST.

### *Brokerage fee*

Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity, was engaged as a broker by the Fund and received brokerage of 0.50% on all transactions undertaken as part of the Fund's buy-back program up to 1 October 2019.

Effective 1 October 2019, Evans & Partners Pty Ltd, also a related party of the Responsible Entity and broker of the Fund, was engaged to provide brokerage under the Fund's buy-back program. There was no change in the brokerage fee structure under the buy-back program as a result of the change in brokers.

Total brokerage fees paid or payable to the related parties of the Responsible Entity for the period ended 31 December 2019 was \$35,624 (31 December 2018: \$8,524), exclusive of GST.

### *Investment transaction costs*

Evans & Partners Pty Ltd, a related party of the Responsible Entity, receives brokerage of 0.10% (excluding GST) on all transactions in Australian equities undertaken by the Fund. During the period, the brokerage paid was \$7,230 (31 December 2018: \$11,173), exclusive of GST.



**11. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

**Australian Governance & Ethical Index Fund**

**Directors' declaration**

**31 December 2019**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Stuart Nisbett  
Chairman of Walsh & Company Investments Limited

25 February 2020



# Independent Auditor's Review Report

To the unitholders of Australian Governance & Ethical Index Fund

## Conclusion

We have reviewed the accompanying **Half-Year Financial Report** of Australian Governance & Ethical Index Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the **Half-Year Financial Report** of the Fund is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year ended 31 December 2019; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-Year Financial Report** comprises:

- Condensed statement of financial position as at 31 December 2019
- Condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended 31 December 2019
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

## Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Responsible Entity are responsible for:

- the preparation of the Half-Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-Year Financial Report that is free from material misstatement, whether due to fraud or error.



## Auditor's responsibility for the review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australian Governance & Ethical Index Fund, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Jessica Davis

*Partner*

Sydney

25 February 2020

**Australian Governance & Ethical Index Fund**  
**Corporate directory**  
**31 December 2019**

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).

**The ASX code is AGM**

**Responsible Entity**

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**Directors**

Stuart Nisbett  
Warwick Keneally  
Mike Adams  
Peter Shear

**Secretaries**

Hannah Chan  
Caroline Purtell

**Australian Governance & Ethical Fund**

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**Banker**

ANZ Bank  
J.P. Morgan

