

# AUSTRALIAN GOVERNANCE MASTERS INDEX FUND LIMITED

ABN 48 140 842 397

## APPENDIX 4D – HALF-YEAR REPORT

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(The previous corresponding period is the half-year ended 31 December 2015)

#### Results for announcement to the market

	Half-year to 31 December 2016 (\$)	Half-year to 31 December 2015 (\$)	Change from previous period (\$)	Change from previous period (%)
Revenue from ordinary activities	1,143,000	1,454,000	Down 311,000	Down 21%
Profit from ordinary activities before tax attributable to shareholders	1,005,000	1,291,000	Down 286,000	Down 22%
Profit from ordinary activities after tax attributable to shareholders	973,000	1,271,000	Down 298,000	Down 23%
Net profit for the period attributable to shareholders	973,000	1,271,000	Down 298,000	Down 23%
Basic earnings per share	3.67 cents	4.16 cents	Down 0.49 cents	Down 12%
Diluted earnings per share	3.67 cents	4.16 cents	Down 0.49 cents	Down 12%

#### ***Significant features of operating performance***

The profit of the Company after providing for income tax amounted to \$973,000. This represents a decrease of 23% from the prior half-year period ended 31 December 2015. The decrease in profit after tax is primarily due to decreased dividend income derived from the Company's investments held during the half-year ended 31 December 2016. The decrease in dividend income has been driven by two key factors. Firstly, a sell-down of shares in the investment portfolio over the year. This is not immediately apparent from the dollar value of the portfolio which is broadly unchanged. (AQF holds fewer individual shares which have a higher value compared with the prior period). Secondly, the decrease in dividend income has partly been a result of dividend per share reductions by some of Australia's largest mining companies, financial institutions and companies with large non-discretionary retail operations.

The Company is in a strong position with total assets of \$51 million and no borrowings.

During the half-year, the Company issued 142,880 ordinary shares as part of the Company's Dividend Reinvestment Plan.

## Results for announcement to the market (continued)

As part of the Company's buyback program, a total of 2,894,030 ordinary shares were bought back during the half-year period ended 31 December 2016. The buyback program will continue until close of trade on 28 November 2017.

### Dividends

During the half-year, the Company paid a fully franked dividend of 3 cents per share on 22 September 2016. Total dividends paid during the financial year amounted to \$862,000, of which \$250,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

The special fully franked dividend of 2 cents per share announced on 28 November 2016 was paid on 9 January 2017 totalling \$537,000 of which \$161,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

On the date of this report, the Company announced a fully franked dividend payment of 3 cents per share which is expected to be paid to shareholders on 31 March 2017. The record date for determining entitlements to the dividend is 27 February 2017. The Company operates a Dividend Reinvestment Plan (**DRP**). To participate in the DRP, shareholders must elect to participate before the close of business on the following business day after record date.

### Net tangible assets

As at 31 December 2016, the Company has net assets of \$47,971,000 (30 June 2016: \$50,295,000).

	31 December 2016 \$/share	30 June 2016 \$/share
<b>Net tangible assets per share</b> <i>(After unrealised fair value movements and adjustments for tax)</i>	1.81	1.72

### Explanation of operating activities

Revenue from ordinary activities of the Company for the half-year consists entirely of the Company's activities of investing in Australian listed equities and is made up as follows:

	31 December 2016 (\$)	31 December 2015 (\$)
Dividend income	1,135,000	1,446,000
Interest income	8,000	8,000
<b>Total</b>	<b>1,143,000</b>	<b>1,454,000</b>

### Other Information

This report is based on the Half-Year Financial Report which has been subject to review by an independent auditor. The independent auditor's review report forms part of the Half-Year Financial Report.

All documents comprise the information required by ASX Listing Rule 4.2A.3.

**Attachments forming part of Appendix 4D**

Attachment 1 – Half-Year Financial Report, including Directors' Report.

A handwritten signature in black ink, appearing to read 'Hannah Chan', with a long horizontal flourish extending to the right.

**Hannah Chan**  
Company Secretary  
20 February 2017

# **Australian Governance Masters Index Fund Limited**

**ABN 48 140 842 397**

**Half-year financial report - 31 December 2016**

**Australian Governance Masters Index Fund Limited**

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**31 December 2016**

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**Australian Governance Masters Index Fund Limited**  
**Directors' report**  
**31 December 2016**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2016.

**Directors**

The names of directors who held office during or since the end of the half-year:

Mr Jeffrey Whalan – Independent Chairman of Directors

Mr Maximilian Walsh – Non-Executive Director

Ms Josephine Tan – Independent Non-Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

**Review of operations**

The profit for the Company after providing for income tax amounted to \$973,000 (31 December 2015: \$1,271,000).

Total comprehensive income for the period was \$4,059,000 (31 December 2015: loss of \$525,000).

As at 31 December 2016, the net asset value, after Unrealised gains and tax, of the Company was \$1.81 per ordinary share (30 June 2016: \$1.72).

During the half-year, the Company paid a fully franked dividend of 3 cents per share on 22 September 2016. Total dividends paid during the half-year amounted to \$862,000 of which \$250,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

During the half-year, the Company bought back 2,894,030 fully paid ordinary shares on market for a total consideration of \$5,224,000.

**Rounding of amounts**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted (\$'000)) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the ASIC Instrument applies.

**Matters subsequent to the end of the financial half-year**

The special fully franked dividend of \$0.02 per share announced on 28 November 2016 was paid on 9 January 2017 totalling \$537,000 of which \$161,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

Since 31 December 2016, the Company bought back a further 413,581 fully paid ordinary shares for a total consideration of \$780,935. The number and dollar value of shares bought back are as at close of trade 17 February 2017.

On the date of this report, the Company announced a fully franked dividend payment of \$0.03 per share which is anticipated to be paid to shareholders on 31 March 2017. The record date for determining entitlement to the dividend is 27 February 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company'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.

**Australian Governance Masters Index Fund Limited**  
**Directors' report**  
**31 December 2016**

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

On behalf of the Directors



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Mr Jeffrey Robert Whalan  
Chairman

20 February 2017

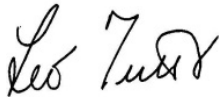
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN GOVERNANCE  
MASTERS INDEX FUND LIMITED**

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2016 there have been:

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

A handwritten signature in black ink that reads 'William Buck'.

**William Buck**  
Chartered Accountants  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'L. E. Tutt'.

**L. E. Tutt**  
Partner

Sydney, 20 February, 2017

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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**Australian Governance Masters Index Fund Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2016**

	Note	31 December 2016 \$'000	31 December 2015 \$'000
<b>Revenue</b>	3	1,143	1,454
<b>Expenses</b>			
Management fee	9	(78)	(92)
Directors' fees		(49)	(51)
Other expenses		(11)	(20)
<b>Profit before income tax expense</b>		1,005	1,291
Income tax expense	4	(32)	(20)
<b>Profit after income tax expense for the half-year attributable to the owners of Australian Governance Masters Index Fund Limited</b>		973	1,271
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(Loss) on revaluation of investments		4,409	(2,566)
Provision for tax on the above		(1,323)	770
Other comprehensive income/(loss) for the half-year, net of tax		3,086	(1,796)
<b>Total comprehensive income/(loss) for the half-year attributable to the owners of Australian Governance Masters Index Fund Limited</b>		4,059	(525)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		3.67	4.16
Diluted earnings per share		3.67	4.16

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

**Australian Governance Masters Index Fund Limited**  
**Statement of financial position**  
**As at 31 December 2016**

		<b>31 December</b>	
	<b>Note</b>	<b>2016</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,632	206
Trade and other receivables		87	1,600
Other		4	-
<b>Total current assets</b>		<u>1,723</u>	<u>1,806</u>
<b>Non-current assets</b>			
Financial assets	6	<u>49,593</u>	<u>50,068</u>
<b>Total non-current assets</b>		<u>49,593</u>	<u>50,068</u>
<b>Total assets</b>		<u>51,316</u>	<u>51,874</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Dividends payable		563	-
Other		46	195
<b>Total current liabilities</b>		<u>609</u>	<u>195</u>
<b>Non-current liabilities</b>			
Deferred tax	7	<u>2,736</u>	<u>1,384</u>
<b>Total non-current liabilities</b>		<u>2,736</u>	<u>1,384</u>
<b>Total liabilities</b>		<u>3,345</u>	<u>1,579</u>
<b>Net assets</b>		<u>47,971</u>	<u>50,295</u>
<b>Equity</b>			
Issued capital	8	39,818	44,792
Reserves		7,270	4,184
Retained profits		883	1,319
<b>Total equity</b>		<u>47,971</u>	<u>50,295</u>

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

**Australian Governance Masters Index Fund Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2016**

	Issued capital \$'000	Asset revaluation reserve \$'000	Capital profits reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2015	48,624	7,632	(294)	1,445	57,407
Profit after income tax expense for the half-year	-	-	-	1,271	1,271
Other comprehensive income for the half-year, net of tax	-	(1,796)	-	-	(1,796)
Total comprehensive income/(loss) for the half-year	-	(1,796)	-	1,271	(525)
Transfer to Capital profits reserve of cumulative realised gain on disposal of investments (net of tax)	-	(130)	130	-	-
Shares issued	464	-	-	-	464
Shares bought back	(1,979)	-	-	-	(1,979)
Issue and buy-back costs (net of tax)	(2)	-	-	-	(2)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 5)	-	-	-	(1,561)	(1,561)
Balance at 31 December 2015	<u>47,107</u>	<u>5,706</u>	<u>(164)</u>	<u>1,155</u>	<u>53,804</u>
	Issued capital \$'000	Asset revaluation reserve \$'000	Capital profits reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2016	44,792	4,406	(222)	1,319	50,295
Profit after income tax expense for the half-year	-	-	-	973	973
Other comprehensive income for the half-year, net of tax	-	3,086	-	-	3,086
Total comprehensive income for the half-year	-	3,086	-	973	4,059
Transfer to Capital profits reserve of cumulative realised gain on disposal of investments (net of tax)	-	1,166	(1,166)	-	-
Shares issued	250	-	-	-	250
Shares bought back	(5,212)	-	-	-	(5,212)
Issue and buy-back costs (net of tax)	(12)	-	-	-	(12)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 5)	-	-	-	(1,409)	(1,409)
Balance at 31 December 2016	<u>39,818</u>	<u>8,658</u>	<u>(1,388)</u>	<u>883</u>	<u>47,971</u>

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

**Australian Governance Masters Index Fund Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2016**

	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers	(35)	(34)
Management fee paid	(85)	(83)
Interest received	8	7
Dividends received	1,583	1,907
	<hr/>	<hr/>
Net cash from operating activities	1,471	1,797
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	7,580	3,324
Payments for purchase of investments	(1,711)	(2,152)
	<hr/>	<hr/>
Net cash from investing activities	5,869	1,172
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	(601)	(1,096)
Payments for share buy-backs	(5,299)	(1,708)
Payments of issue and buy-back costs	(14)	(5)
	<hr/>	<hr/>
Net cash used in financing activities	(5,914)	(2,809)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,426	160
Cash and cash equivalents at the beginning of the financial half-year	206	661
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>1,632</u>	<u>821</u>

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

**Australian Governance Masters Index Fund Limited**  
**Notes to the financial statements**  
**31 December 2016**

**1. Statement of significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The half-year financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) in accordance with ASIC Instrument 2016/191.

These half-year financial statements were approved by the Board of Directors on 20 February 2017.

**New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

No new or revised Standards and Interpretations effective for the period under review are considered to be applicable to the Company.

**2. Segment reporting**

The Company is engaged in investing activities conducted in Australia and has one business operation, that being holding investments in Australian listed equities for long-term appreciation.

The Company operates as a listed investment company in Australia.

**3. Revenue**

	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends	1,135	1,446
Interest	8	8
Revenue	<u>1,143</u>	<u>1,454</u>

**Australian Governance Masters Index Fund Limited**  
**Notes to the financial statements**  
**31 December 2016**

**4. Income tax expense**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
<b>Income tax expense</b>		
The components of tax expense comprise:		
Deferred tax	<u>32</u>	<u>20</u>

**5. Equity - dividends**

Dividends paid during the financial half-year were as follows:

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Total dividends paid during the half-year	862	1,561
Dividends payable	<u>547</u>	<u>-</u>
	<u>1,409</u>	<u>1,561</u>

- Fully franked dividend of 3 cents per share paid on 22 September 2016 totaling \$862,000.

The tax rate at which paid dividends have been franked is 30% (2015: 30%).

**6. Non-current assets - Financial assets**

	<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
Non-current		
Equity Investments		
Fair value through other comprehensive income	<u>49,593</u>	<u>50,068</u>

**7. Non-current liabilities - deferred tax**

	<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
<i>Deferred tax liabilities/(assets) comprise:</i>		
Transaction costs	(12)	(11)
Unrealised fair value adjustments	2,861	1,887
Revenue and capital losses	<u>(113)</u>	<u>(492)</u>
Deferred tax liability	<u>2,736</u>	<u>1,384</u>

**Australian Governance Masters Index Fund Limited**  
**Notes to the financial statements**  
**31 December 2016**

**8. Equity - issued capital**

	<b>31 December 2016 Shares</b>	<b>30 June 2016 Shares</b>	<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
Ordinary shares - fully paid	<u>26,496,236</u>	<u>29,247,386</u>	<u>39,818</u>	<u>44,792</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2016	29,247,386		44,792
Issue of ordinary shares (i)	22 September 2016	142,880	\$0.00	250
Ordinary shares bought back		(2,894,030)	\$0.00	(5,212)
Issue and buyback costs (net of tax)		-	\$0.00	(12)
Balance	31 December 2016	<u>26,496,236</u>		<u>39,818</u>

The following ordinary shares issues were made as part of the Company's Dividend Reinvestment Plan:

(i) In respect of the dividend paid on 22 September 2016, 142,880 ordinary shares were issued at \$1.75 per share.

The Company's current buyback program will continue until close of trade on 28 November 2017, unless terminated earlier by the Company.

**9. Related party transactions**

The names of persons who were directors of the Company at any time during the half-year and to the date of these financial statements are:

Mr Jeffrey Whalan – Independent Chairman of Directors  
 Mr Maximilian Walsh – Non-Executive Director  
 Ms Josephine Tan – Independent Non-Executive Director

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

a) Management Fee

The Manager is entitled to receive an annualised management fee of 0.49%, calculated with reference to the gross value of the Portfolio less fees payable to directors of the Company for their duties as directors and fees payable to the Auditor in connection with the audit of the annual financial statements and the review of the half-year financial statements of the Company.

Management fees paid or payable to Walsh & Company Asset Management Pty Limited for the half-year ended 31 December 2016 were \$85,000 (31 December 2015: \$99,000), inclusive of GST. The management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 31 December 2016 was \$13,000 (30 June 2016: \$15,000).

b) Brokerage

Dixon Advisory & Superannuation Services Limited, as broker acting on behalf of the Company receives brokerage of 0.25% on all transactions undertaken as part of the Company's buyback program and in managing its investment portfolio. During the period, the brokerage paid was \$36,000, (31 December 2015: \$18,000), inclusive of GST. The directors of the Company are satisfied that the brokerage is in line with market rates.

**Australian Governance Masters Index Fund Limited**  
**Notes to the financial statements**  
**31 December 2016**

**10. Financial instruments**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at the end of the reporting period are disclosed in the condensed statement of financial position and in the notes to the condensed financial statements.

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- (c) Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2016				
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investments	49,593	-	-	49,593
30 June 2016				
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investments	50,068	-	-	50,068

**Valuation technique and key input**

Valuation is based on quoted prices on the ASX.

There were no transfers between levels during the financial period.

**11. Contingent liabilities**

No material amounts of contingent liabilities or capital commitments exist at the end of the reporting period.



**Australian Governance Masters Index Fund Limited**  
**Notes to the financial statements**  
**31 December 2016**

**12. Events after the reporting period**

The special fully franked dividend of \$0.02 per share announced on 28 November 2016 was paid on 9 January 2017 totalling \$537,000 of which \$161,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

Since 31 December 2016, the Company bought back a further 413,581 fully paid ordinary shares for a total consideration of \$780,935. The number and dollar value of shares bought back are as at close of trade 17 February 2017.

On the date of this report, the Company announced a fully franked dividend payment of \$0.03 per share which is anticipated to be paid to shareholders on 31 March 2017. The record date for determining entitlement to the dividend is 27 February 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Australian Governance Masters Index Fund Limited**  
**Directors' declaration**  
**31 December 2016**

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 company's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company 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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Mr Jeffrey Robert Whalan  
Chairman

20 February 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN GOVERNANCE MASTERS INDEX FUND LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Governance Masters Index Fund Limited on pages 5 to 13, which comprises the condensed statement of financial position as at 31 December 2016, the 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 on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Australian Governance Masters Index Fund Limited, 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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Australian Governance Masters Index Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### CHARTERED ACCOUNTANTS & ADVISORS

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN GOVERNANCE MASTERS INDEX FUND LIMITED (CONT)**

### *Conclusion*

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 Australian Governance Masters Index Fund Limited on pages 5 to 13 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.


### *Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report*

This auditor's review report relates to the half year financial report of Australian Governance Masters Index Fund Limited for the half year ended 31 December 2016 included on Australian Governance Masters Index Fund Limited's web site. The company's directors are responsible for the integrity of the Australian Governance Masters Index Fund Limited's web site. We have not been engaged to report on the integrity of the Australian Governance Masters Index Fund Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

A handwritten signature in black ink that reads 'William Buck' in a cursive script.

### **William Buck**

Chartered Accountants  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'L. E. Tutt' in a cursive script.

### **L. E. Tutt**

Partner

Sydney, 20 February, 2017